THE GREATEST PRIZE IN SOUTHEAST ASIA : UNITED STATES' POLICY TOWARDS INDONESIA IN THE TRUMAN AND EISENHOWER YEARS

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To The Memory Of

Callum A. MacDonald

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Contents

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Summary

United States' policy towards Indonesia (the Netherlands East Indies) during the Truman and Eisenhower Presidencies involved many of the major issues of the time, including decolonisation, access to economic resources, Cold War strategy and Washington's involvement with Asian nationalism. Throughout the period, the emphasis of American policy was on the integration of Indonesia into world capitalism, an objective which became intertwined with Indonesia's growing strategic value to the US, from 1948 onwards, and its subsequent importance as a scene of confrontation with the Soviets and Communist China. By 1961, Washington's policies had failed in all their major aims and it seemed possible that Indonesia would become a communist state.

The Eurocentric bias of American policy consistently dominated US relations with Indonesia. During the independence struggle, between 1945 and 1949, Washington's support for The Netherlands ended only when it became a greater threat to stability than the nationalists. However, after independence, its pro-Dutch inclinations were revived over the West Irian question. The militant anti-communism of John Foster Dulles, the Americans' inability to come to terms with Asian nationalism, exemplified by its handling of the Bandung Conference, in 1955, and the deep personal dislike of Sukarno by senior Administration officials combined to cause a deterioration in relations which culminated in a CIA-sponsored rebellion, in 1957/58.

The determination and execution of American policy was influenced by Australia, which favoured Indonesian independence, and which, in the 1950's, exerted great influence in Washington, especially over West Irian. Along with the United Kingdom, whose forces had liberated the Netherlands East Indies in 1945, Australia had a central role in the CIA-backed rebellion. American policy minimised the role of the United Nations in the Indonesian independence struggle and over West Irian in order to inhibit the Soviet's ability to intervene.

1. The United States And Indonesia In Context.

At the end of World War II, the United States (US) wanted to lead its wartime allies, principally the Union of Soviet Socialist Republics (USSR) and the United Kingdom (UK), in a co-operative effort to shape the world for the better. However, the US found itself in a novel position. Emerging from the conflict as the world's strongest nation it was unused to such pre-eminence and many Americans wanted a return to the isolationism of the 1930's. Despite the pressure for the restoration of its traditional foreign policy, the scale of the destruction wrought by war, especially in Europe, and the necessity to respond to the strategic advances made by the USSR mitigated against this. US foreign policy took on a global perspective as it became engaged in a titanic struggle for dominance - or survival - with the USSR. The collapse of the Grand Alliance into Cold War hostility and the subsequent division of the world into two antagonistic camps provided the context within which US policies towards Indonesia were developed and executed. That the US and the USSR became enemies is not in doubt but there is no consensus among historians about the reasons for the disintegration of the wartime alliance. This study of US-Indonesian relations during the Truman and Eisenhower eras, a time of American domination in Asia, will examine the impact of American post-war strategy on policy towards Indonesia and, in so doing, will seek to illuminate US priorities in the conflict with communism.

Historians have paid relatively little attention to US relations with the Netherlands East Indies (NEI), later Indonesia, in the early post-war period. Although Indonesia's policy of "Confrontation" in the early 1960's and the military coup of 1965 have attracted much interest, the years leading up to these tumultuous events have been studied only fleetingly - surprisingly so given the controversy over possible US involvement in the overthrow of President Sukarno.[1] And yet during this period, American policy swung from non-intervention, at the end of the war, to a position where, thirteen years later, Washington provided political and material support for a rebellion against the Indonesian Government. This transition, from an inactive to a highly aggressive posture, reflected the increasingly significant place in American priorities accorded to Indonesia by the Truman and Eisenhower Administrations. This status derived initially from its economic importance to the recovery of The Netherlands and, more generally, world capitalism. However, as Mao Zedong's impending victory in the Chinese civil war switched the emphasis of the Cold War from Europe to Asia, Indonesia's strategic location in relation to the chain of

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[1] For a study of US policy between 1945 and 1949, see Robert McMahon, *Colonialism And Cold War : The United States And The Struggle for Indonesian Independence, 1945 - 49*, (Ithaca and London, 1981). Specific aspects of US policy during this period can be found in Robert McMahon, 'Anglo-American Diplomacy And The Reoccupation Of The Netherlands East Indies', (*Diplomatic History (DH)*, 2 (1), 1978), Pierre Van Der Eng, 'Marshall Aid As A Catalyst In the Decolonisation Of Indonesia, 1947 - 49', *Journal of Southeast Asian Studies*, 2 (1988), pp. 335 - 352, Gerlof Homan, 'The Netherlands, The United States And The Indonesian Question, 1948', *Journal of Contemporary History*, 25 (1) (1990), pp. 123 - 41 and Cees Wiebes and Bert Zeeman, 'US "Big Stick" Diplomacy : The Netherlands Between Decolonization And Alignment, 1945 - 9', *International History Review (IHR)*, 14 (1), (1992), pp. 45 - 70. The most comprehensive account yet of the covert US support for anti-Sukarno rebels in 1957 and 1958 is to be found in Audrey Kahin and George Kahin, *Subversion As Foreign Policy : The Secret Eisenhower And Dulles Debacle In Indonesia*, (New York, 1995), while Joseph Smith, *Portrait Of A Cold Warrior*, (New York, 1976) provides a CIA insider's view of the same events. For broader treatments of the Eisenhower Administration's policies toward Indonesia see John Allison, *Ambassador From The Prairie Or Allison Wonderland*, (Boston, 1973) and Howard Jones, *Indonesia : The Possible Dream*, (New York, 1971).

offshore military bases developed to contain communism gave it a higher profile in Washington. It was, therefore, essential to American policy that the archipelago be re-integrated into the capitalist economy and that it remain under the control of a government friendly to the West.

The task of achieving these objectives was, however, complicated by the involvement of other interests beside Washington's. The Netherlands, as the colonial power, naturally wished to re-assert its authority and restore its economic and financial links to the NEI. However, during the Japanese occupation, a determined nationalist movement had emerged in the Indies under the leadership of Sukarno and Mohammed Hatta. The NEI, thus, became an early practical test of the US attitude towards decolonisation and, after independence had been achieved in 1949, of its approach to the developing countries of the Third World. Sukarno's prominence in the "neutralist" movement, along with its continuing economic and strategic importance, ensured that Indonesia endured as a priority for American foreign policy during the 1950's.

When hostilities finally ceased, in August 1945, the US faced two critical challenges. Soviet forces had penetrated into the heart of Europe and had placed the USSR firmly on the world stage. Additionally, US efforts to bring the Soviets into the war in Asia had allowed them to make significant territorial advances, particularly in China. In parallel with the US, the USSR had left isolation behind and could not now be disregarded. American policymakers also

had to confront the almost complete collapse of the capitalist system. Economic chaos presented, arguably, a more direct threat to Americans, who dreaded a return to the depression of the 1930's. At the war's end, the US found itself in a position of political and economic leadership and became involved as never before in *realpolitik*. For a nation which sought to project itself as a principled player in world affairs its new-found status strained its "moral" outlook on the world. The US had been the first nation to throw off colonialism and prided itself on its support for the emancipation of dependent peoples. Of importance to the story of its relations with the NEI, then, is the extent to which Washington's principle of support for decolonisation endured in the face of its new priorities.

Historians, especially Americans, have devoted much time and effort in trying to explain the outbreak of the Cold War.[2] Early analyses contend that it was Soviet aggression which had forced the US into a response, leading to the creation of two hostile camps. This "orthodox" school holds that, over the eighteen months which separated the end of the war and the announcement of the Truman Doctrine, in March 1947, the US learned not to trust communists to keep agreements and that the USSR was intent on maximising its strategic position in Europe. The "orthodox" position is, then, that Washington was guilty only of naïveté and that it was given no alternative to meeting head-on the 'distending challenge of the Communists'.[3] "Revisionist" historians, however, argue that

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[2] For an overview of the debate see Howard Jones and Randall B. Wood, 'Origins Of The Cold War In Europe And The Near East ; Recent Historiography And The National Security Imperative', *DH*, 17 (2) (1993), pp. 251 - 76.

[3] Herbert Feis, *From Trust To Terror : The Onset Of The Cold War*, (London, 1970), p. 191. See also John Spanier, *American Foreign Policy Since World War II*, (London, 1971) for another "orthodox" analysis.

this represents a limited view of Soviet policy at the end of the war and ignores American economic concerns. They take a more sympathetic view of Soviet intentions, arguing that the USSR was incapable of mounting an invasion of the West and only decided to take 'close control' of Eastern Europe in response to the Truman Doctrine and the Marshall Plan.[4] Of much greater significance to the "revisionists" is the belief that the US approach to the post-war world was conditioned by the widespread fear of another depression, a situation which could be avoided only by gaining access to raw materials and markets, many of which were closed to it.[5] According to the "revisionists", this need to secure access to markets brought the US into conflict not just with the Soviets, who controlled Eastern Europe, but also with the European imperial powers. Thus, in 1945, the US was not concerned so much with a communist threat but was pursuing policies whose 'ultimate objective ...was both to sustain and to reform world capitalism.'[6]

With the debate about the origins of the Cold War beginning to resemble the situation it sought to explain, attempts have, more recently, been made to find a consensus by taking the best from both camps.[7] "Postrevisionist" historians argue that the US approach toward the post-war world was conditioned by anti-

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[4] Walter LaFeber, *America, Russia And The Cold War 1945 - 1975*, (New York and London, 1976), p. 51. David Horowitz, *From Yalta To Vietnam*, (Harmondsworth, 1971), pp. 11 - 13 and 89.

[5] Stephen Ambrose, *Rise To Globalism*, (London, 1971), p. 17.

[6] Joyce and Gabriel Kolko, *The Limits Of Power : The World And US Foreign Policy 1945-54* (New York and London, 1972), p. 11. It is also argued that the Marshall Plan was a continuation of policies which the US had been pursuing since after World War I and which were aimed re-ordering world capitalism in the likeness of the US economy - Michael Hogan, *The Marshall Plan : America, Britain And The Reconstruction Of Western Europe 1947 - 1952*, (New York and Cambridge, 1989).

[7] Jones and Wood, 'Origins Of The Cold War', *DH*, 17 (2) (1993), pp. 251 - 76, citing John Gaddis.

communism and a new doctrine of national security designed to 'configure an external environment compatible with (the) domestic vision of a good society.' Thus, to the Truman Administration, national security meant more than just defending territory - the US also had to maintain a decisive advantage in its 'power relationship' with the USSR to convince 'friends as well as foes' of the benefits of a liberal capitalist order. "Postrevisionists" argue that the US simply could not afford to take chances with the totalitarian Soviet state which controlled the heart of Eurasia and, so, had to prevent the expansion of communism.[8]

Of particular interest in the story of US relations with Indonesia is its post-war attitude towards decolonisation, where it is possible to discern a wider degree of agreement amongst historians. Traditionally, Americans have seen themselves as the champions of "liberty" and have promoted democracy and anti-colonialism as a matter of principle. However, by the end of the war, the US no longer promoted immediate independence for the colonies but favoured a system of "trusteeship", under which imperial powers would set timetables for the liberation of their

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[8] Melvyn Leffler, *A Preponderance Of Power : National Security, The Truman Administration And The Cold War*, (Stanford, 1992), pp. 13, 495 - 97 and 515. For another assessment of the concept of the national security state, see Daniel Yergin, *Shattered Peace : The Origins Of The Cold War And The National Security State*, (Harmondsworth, 1978). Despite the work of the "postrevisionists", the controversy over the causes of the Cold War seems not to have arrived at any definitive conclusion. Howard Jones and Randall Wood suggest that, while recent work points toward there having been a complex mixture of causes with both sides' search for security being the 'common denominator', much more work still needs to be done before a satisfactory new synthesis is reached. (Jones and Wood, 'Origins Of The Cold War', *DH*, 17 (2) (1993), pp. 251 - 76). Others believe that "postrevisionism" has not substantially altered the contours of the debate and denounce it as '"orthodoxy" for a new generation' in the belief that, essentially, it amounts to an assault upon the theories of the "revisionists". (Bruce Cumings, ' "Revising Postrevisionism", Or, The Poverty Of Theory In Diplomatic History', *DH*, 17 (4) (1993), pp. 539 - 69). A more fundamental criticism concerns the extent to which the debate has been confined to American academic circles and has, consequently, failed to move beyond a US-centred analysis. (For example, see Donald Cameron Watt, 'Britain And The Historiography Of The Yalta Conference And The Cold War', *DH*, 13 (1) (1989), pp. 67 - 98).

colonies.[9] However, even this stance was modified after it drew opposition from the colonial powers, especially the UK, and from within the US Administration, where "Europeanists" in the State Department argued that Washington should not alienate Britain, France and The Netherlands by pressurising them to decolonise.[10] At the same time, the US War and Navy Departments wanted to acquire numerous islands in the Pacific for use as military bases, a policy clearly incompatible with anti-colonialism.[11] The compromise between these conflicting priorities was a further watering-down of the commitment to independence and, when, in June 1945, America signed the UN Charter, its provisions on trusteeship did not compel the Europeans to place their colonies into trusteeship and allowed the US to go ahead with its plans for island bases.

This less than heroic policy left the US in a contradictory position because, while it reflected the exigencies of the post-war situation, Washington still wanted to flaunt its anti-colonial credentials to the world, for example, through its promise to grant independence to the Philippines. While this might be explained by asserting that the US had only moderated its approach where the sovereignty of other nations was involved, another, more powerful, rationale has been proposed - that revolutionary nationalism threatened access to the raw materials and markets the US craved by raising the possibility of the nationalisation of resources, industry and markets. "Revisionist" historians are satisfied to explain US policy towards

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[9] Cordell Hull, *Memoirs Of Cordell Hull Vol. 2*, (London, 1948), p. 1599.

[10] Leffler, *Preponderance Of Power*, p. 92.

[11] Hull, *Memoirs Of Cordell Hull Vol. 2*, p. 1599.

decolonisation in these terms.[12] However, "postrevisionists" argue that the US feared that communists might take advantage of nationalist movements to disrupt US plans. In their view, Washington determined to thwart revolutionary nationalism because it might act as a stalking horse for communism and, also, to ensure that the West had continued access to Third World resources and markets.[13] Such an outlook is consistent with the granting of Philippine independence, the terms of which ensured that the US retained its economic interests. Of concern, also, was the potential threat posed by Asian nationalist movements to the Truman Administration's plans for American national security in the Pacific. Both the US military's perceived need for bases in the region and the more general desire of American leaders to lead post-war reform ran counter to local moves towards independence. What is not in question is that, by mid-1945, US anti-colonialism had been downgraded in importance in the face of more pressing concerns.

The United States and the NEI

While Washington's strategic and economic priorities, as well as its attitude to decolonisation, were important factors in post-war US relations with the NEI, the Truman Administration also had to set its policy in the context of America's pre-war connections with the colony, which, in the years before the outbreak of hostilities in the Pacific, were strictly limited and based largely on trade.[14] It was

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[12] Ambrose, *Rise To Globalism*, p. 18.

[13] Leffler, *A Preponderance Of Power*, pp. 496 - 98.

[14] McMahon, *Colonialism And Cold War*, p. 45.

only when the prospect of losing access to the NEI's rich natural wealth arose that Washington developed an appreciation of its strategic importance. However, when the Japanese surrendered, the US had no military presence in the NEI and did not, therefore, regard the colony as a post-war priority. Washington's attitude towards the NEI also assumed that there would be little, if any, opposition to the restoration of Dutch sovereignty from nationalist forces.

Before the war, the US had significant trade and investment links with the NEI. In 1940, the colony was the source of more American imports, by value, than any other Asian country and was America's fourth largest export market in Asia.[15] The US was also important to the NEI as a trading partner, accounting for 20 per cent of its exports and supplying 23 per cent of its imports - the NEI was the fourth largest market for American arms.[16] The Standard-Vacuum Oil Company (Stanvac), which was Royal Dutch Shell's (RDS's) only competitor, controlled 27 per cent of NEI oil refining capacity, amounting to 2 million tons each year and had assets valued at $50 million.[17] There were also substantial investments by organisations such as General Motors, Caltex, the Goodyear Rubber Company, the US Rubber Company and Proctor and Gamble. Altogether, American investment in the NEI totalled about $250 million.[18] According to Cordell Hull, the Secretary

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[15] Rupert Emerson, *The Netherlands Indies And The United States*, (Boston, 1942), p. 42.

[16] McMahon, *Colonialism And Cold War*, p. 46. Hull to the Consul-General at Batavia (Walter Foote), 5 Oct. 1940, Foreign Relations Of The United States (FRUS) 1940 IV, p. 167.

[17] Memoranda of Conversation, by Maxwell Hamilton, 25 Jul. 1940 and by Stanley Hornbeck, 16 Aug. 1940 and Foote to the Secretary of State, 21 Aug. 1940, FRUS 1940 IV, pp. 55 - 56, 75 - 79 and 83.

[18] McMahon, *Colonialism And Cold War*, p. 46.

of State, this commercial relationship gave the US 'a substantial interest in the maintenance of the principle and practice of equality of opportunity in trade and enterprise.'[19]

The US also had a growing strategic interest in the NEI. With a population of 70 millions, the NEI was a huge potential market for US exports. It also supplied 40 per cent of the world's natural rubber, including 35 - 40 per cent of American imports, and 18 per cent of world tin supplies.[20] US concern at the Japanese threat to the NEI was deep enough, in April 1940, for Hull to warn that 'any change in the status of the Netherlands East Indies would directly affect the interests of many countries ....' He went on to tell Japan that intervention in the domestic affairs of the NEI would prejudice peace and stability in the region.[21] His clear implication was that the US would not be able to ignore the loss of the NEI's resources to a hostile nation. Washington's increased interest had been noted in London, where the Foreign Office had observed that the NEI's oil fields produced 7 million tons each year and contained estimated reserves of 1,500 million barrels, which ranked the NEI second only in importance to the Middle East. The Foreign Office concluded that, after the war, 'oil supplies at the Western end of the Pacific will be vital [and] America is likely to insist upon a greater measure of control over NEI production.'[22]

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[19] Hull to the Ambassador in Japan , 4 Jul. 1940, FRUS 1940 IV, pp. 381 - 87.

[20] McMahon, *Colonialism And Cold War*, p. 51. F. S. V. Donnison, *History Of The Second World War : British Military Administration In The Far East 1943-46*, (HMSO, 1956), p. 413.

[21] Cordell Hull, *Memoirs Of Cordell Hull Vol. I*, p. 889.

[22] Public Record Office, London (PRO); FO 800/303; "Memorandum on the Essential Interests of the British Commonwealth in the Persian Gulf and its Coastal States : with Special Reference to India.", Mar. 1945.

The strategic importance of the NEI's natural wealth was complemented by its military value to the US. Before Pearl Harbor, General Douglas MacArthur had considered the NEI, along with Malaya and the Philippines, to be 'America's single hope of effective resistance' to the expected Japanese onslaught.[23] Even after its fall, MacArthur saw the NEI as one of the steps on his proposed progress from Australia to Japan. However, in March 1945, Allied plans were changed and it was decided that the NEI would be bypassed. Instead of re-taking the islands as part of the process of pushing back the Japanese, the Allies opted to cut off 'the so-called Empire lifeline to the East Indies.'[24] The decision had a profound impact on future US policy because it meant that, when the war ended, there was no concentration of American troops in the NEI with the result that the US had no immediate and direct interest in the colony.[25] Thus, by 1945, the US had identified a strategic interest in the NEI but the colony was not a priority for planners.

Crucial to the American attitude towards the NEI at the end of the war was the closeness of its friendship with The Netherlands. Bound by the traditional links between the two countries, something emphasised by President Franklin Roosevelt's ancestry, their wartime alliance had further strengthened the bonds between them. Despite Roosevelt's death, his enthusiastic belief in Dutch liberalism - he had compared British and the French colonialism unfavourably with the 'admirable Dutch commitment to colonial independence'[26] - conditioned US

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[23] Douglas MacArthur, *Reminiscences* (New York, 1964), p. 111.

[24] Ibid., p. 254.

[25] Akira Iriye, *The Cold War In Asia : A Historical Introduction*, (Englewood Cliffs, 1974), p. 72.

[26] Warren Kimball, *The Juggler* (Princeton University Press, 1991), p. 151.

planning for the post-war NEI. However, Dutch imperialism was far more conventional than the Americans would have liked to believe. In 1945, the notion that the Indonesians might want their independence, let alone be capable of governing themselves, seemed far-fetched to most Netherlanders. Believing that they had a mission to civilise the "spice islands" and that '(the Dutch had) *made* the Indies',[27] they could not imagine that the natives would be so ungrateful as to reject them.

The Netherlands' domination in the NEI had brought huge wealth to the metropole, a benefit which led the Dutch to conclude that 'the prosperity of (The Netherlands and the East Indies) is indivisible'.[28] During the nineteenth century, they extracted enormous profits from the NEI - between 1831 and 1877 the average annual profit returned to The Netherlands was 18 million guilders at a time when the national budget never exceeded 60 million guilders.[29] Up to the outbreak of World War II, they continued to dominate the economy by means of both corporate and financial investments which, by 1940, are estimated to have totalled $1.4 billion, yielding $100 million in profits annually.[30] Between 1925 and 1934 receipts from the NEI averaged 14.7 per cent of national income. Though, by 1935, this had fallen to 13.7 per cent it still probably represented the highest ratio anywhere in the world.[31] Despite this continuing pre-eminence, the Dutch were not

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[27] Pieter Gerbrandy, *Indonesia*, (London and The Hague), p. 28.

[28] Ibid., p. 26.

[29] McMahon, *Colonialism And Cold War*, p. 24.

[30] Ibid., p. 39.

[31] Theodore Friend, *The Blue-Eyed Enemy: Japan Against The West In Java And Luzon 1942 - 45*, (Princeton and Guildford, 1988), pp. 17 - 18.

investing in the dynamic sectors of the economy such as rubber production and mineral extraction where non-Dutch investors were staking their claims. Between 1929 and 1939, 61 per cent of the investment in enterprises capitalised at over f10 million came from the UK, the US or other foreign countries while nearly a quarter came from Indonesian sources. As World War II loomed, the Dutch capitalist class still dominated in the Indies but only by reason of its stake in a declining estate economy.[32]

The economic exploitation of the NEI went hand-in-hand with a rigorous system of political control under which the Dutch exercised power through pliant local rulers. By encouraging rivalries among its puppets, The Hague was able to enjoy virtually unchallenged domination of the colony. Throughout the nineteenth century, and up to the Japanese invasion, in March 1942, the Dutch resisted significant political reform. In 1918, in response to agitation for more local government, the authorities set up the *Volksraad* (People's Assembly) but this institution was never representative, did not have legislative power and was subordinate to the Governor-General. It remained the principal concession to an admittedly weak nationalist movement. Only after Germany overran Holland, in May 1940, did the Netherlands Government-in-exile review the constitutional relationship with the NEI, concluding that, while secession was not wanted, there was a demand for greater independence in the conduct of local affairs with many people wanting an equal relationship between Holland and the Indies. Consequently, on 6 December 1942, Queen Wilhelmina promised a new

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[32] Richard Robison, *Indonesia : The Rise Of Capital*, (Canberra, 1986), p. 9.

constitutional settlement for the colonies and undertook to call a post-war conference to decide on the future structure of the Kingdom.[33] Although the sovereign's pronouncement was vague, this shift in thinking brought the Dutch more into line with the Roosevelt Administration's gradualist approach to decolonisation and helped convince the American President of their sincerity.[34] However, the Queen's statement hid the determination of Dutch politicians to restore Holland's prosperity and influence after the war, plans which depended on the retention of the NEI.[35]

While Washington believed that it had a good understanding of the Dutch and their policies, the same cannot be said about American knowledge of Indonesian nationalism. Aware that the Dutch had successfully suppressed all opposition before the war, the Americans were hampered by an almost complete lack of wartime intelligence from the NEI.[36] During the war, the Allies had been unsuccessful in placing agents in the NEI and MacArthur had prevented the Office of Strategic Services (OSS) from operating in his South West Pacific Area (SWPA) command.[37] Also, the Dutch believed that their return would not be opposed[38] and,

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[33] Gerbrandy, *Indonesia*, p. 54.

[34] McMahon, *Colonialism And Cold War*, pp. 63 - 65.

[35] Gerbrandy, *Indonesia*, pp. 61 - 62. Wiebes and Zeeman, 'US "Big Stick" Diplomacy', *IHR*, 14 (1) (1992), pp. 45 - 70.

[36] Scott Bills, *Empire And Cold War : The Roots Of US-Third World Antagonism 1945 - 47* (London, 1990), p. 129.

[37] Peter Dennis, *Troubled Days Of Peace : Mountbatten And South East Asia Command, 1945 - 46*, (Manchester University Press, 1987), p. 77.

[38] PRO; FO 371/63551; "Report To The Combined Chiefs Of Staff By The Supreme Allied Commander, South East Asia For The Period 1943 - 46", *Post Surrender Tasks*, p. 269. Mountbatten cites Dr. H. J. van Mook, the Lieutenant Governor-General of the NEI, as believing that the only problem would be rounding up the Japanese.

consequently, the State Department underestimated the impact of the Japanese occupation on the nationalist movement and remained convinced that the nationalists would not pose a threat to The Netherlands' continued sovereignty. So, in June 1945, the Acting Secretary of State, Joseph Grew, told Henry Stimson, the Secretary of War, that 'there will probably be a generally quiescent period in the relations between the Dutch and the native population ... (and) the great mass of the natives will welcome ... the return of the Dutch to control.'[39] Less than two months after Grew wrote his memorandum, Sukarno declared Indonesian independence and confounded Washington's expectations for the NEI.

The State Department's complacent analysis was based on its awareness of the short and unsuccessful history of Indonesian nationalism, which had only attained significance in the early twentieth century, when a cadre of university-trained Indonesians had begun to challenge Dutch political control in the NEI. The Dutch responded by denying these intellectuals positions in society commensurate with their status by excluding them from government and other "white-collar" work.[40] Soon, the suppressed energy of this new Indonesian elite found expression in nationalism and, in 1912, they formed *Sarekat Islam* (SI). Characterised by a profound hostility to the Chinese who controlled finance and credit in the economy,[41] by 1920, it had 2.5 million members.[42] However, SI had soon begun to

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[39] Grew to Stimson, 28 Jun. 1945, FRUS 1945 VI, pp. 556 - 80.

[40] McMahon, *Colonialism And Cold War*, pp. 27 - 28.

[41] Robison, *Indonesia : The Rise of Capital*, p. 23.

[42] Charles McLane, *Soviet Strategies in Southeast Asia*, (Princeton, 1966), p. 80.

display signs of Indonesian nationalism's propensity for factionalism as rivalries erupted between nationalists and radicals. In 1919, communists who had sheltered in the organisation were expelled and, the following year, they formed the *Perserikaten Kommunist di Indonesia* (PKI). The PKI took the initiative in opposing Dutch rule but was crushed when it carried out an abortive uprising in 1926. The defeat of the communists allowed the initiative to pass back to the nationalists. In 1927, Sukarno founded the *Partai Nasional Indonesia* (PNI) which, under his charismatic leadership, quickly became the foremost expression of nationalist sentiment. The Dutch response was unequivocal and, in 1929, the PNI was banned and Sukarno arrested. After his release in 1931, Sukarno resumed his leadership of the nationalist cause, which began to regain its strength. Once again, in 1934, the Dutch arrested Sukarno and other nationalist leaders and sent them into internal exile where they remained until 1942. By the time war broke out, the nationalists had been neutralised and the Dutch enjoyed unchallenged domination of the NEI.

Grew's assessment of Indonesian popular opinion was rooted in Washington's knowledge of the pre-war state of the nationalist movement and did not take account of the profound impact of the Japanese occupation. Despite being driven by a Japanese brand of imperialism and the needs of war, Japanese pan-Asianist rhetoric fanned nationalist sentiment by promising 'to restore Asia to its natural state' and by offering an appealing new economic dispensation in the form of the Greater East Asia Co-Prosperity Sphere.[43] Although the extent of the advances

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[43] Akira Iriye, *The Cold War In Asia*, pp. 59 - 60. For further reading on Japanese war policy, see Iriye, *Power And Culture : The Japanese-American War 1941 - 45* (Cambridge and London, 1981),

made by Indonesians were limited by Japanese interests, the nationalists were able to exploit the situation and had built themselves into a powerful movement by the time of the Japanese collapse, in August 1945. The occupation proved to Indonesians that foreign domination of any kind was abhorrent as the Japanese, who had been welcomed as liberators in 1942, became as unpopular as the Dutch had been before them.[44]

For the first year or so of the occupation, the Japanese were intent on winning Indonesian support for the war effort.[45] Local leaders like Sukarno and Hatta were co-opted to the Japanese enterprise and Indonesians were given an increased, but circumscribed, role in the Indies' administration.[46] From the outset, the Japanese sought to control the nationalist movement by banning the display of the Indonesian flag and discussions about nationalism. They also set up their own mass organisation, *Tiga A*, in an effort to enlist popular support for their cause.[47] However, as the tide of the war turned, Japan's priorities shifted to the defence of its conquered territories and it encouraged the formation of organisations, both civilian and paramilitary, to bolster the war effort. As the Japanese position

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Edwin Hoyt, *Japan's War : The Great Pacific Conflict*, (New York, 1986), John Dower, *War Without Mercy : Race And Power In The Pacific War*, (New York and London, 1986) and Friend, *The Blue-Eyed Enemy*.

[44] Friend, *The Blue-Eyed Enemy*, p. 7. Ganis Harsono, *Recollections Of An Indonesian Diplomat In The Sukarno Era* (University of Queensland Press, 1977), p. 34.

[45] Bernhard Dahm, *Sukarno And The Struggle For Indonesian Independence*, (Ithaca, 1969), p. 223.

[46] Friend, *The Blue-Eyed Enemy*, p. 70. After occupying the NEI, the Japanese sent only three hundred administrators to the islands and so needed to employ Indonesians, mainly on lower grade duties.

[47] Dahm, *Sukarno*, p. 221.

deteriorated, nationalists were able to take advantage of their increased vulnerability and used these new organisations to promote their own cause. Led by Sukarno and Hatta, one such group, *PUTERA*, soon fell foul of the authorities. However, another, known as *PETA*, later became the core of the nationalist army. Set up to improve the defence of the NEI against Allied attack, *PETA* was a Japanese-trained, but largely local, fighting force which gave many Indonesians their first military training.[48] As their position weakened, the Japanese were forced to make further concessions to Indonesian nationalism and, in December 1944, they agreed to grant independence to Indonesia, but the final transfer of power was frustrated by the Japanese collapse in August 1945. Just as Japanese promises of independence proved illusory, so their pledge of a new economic order failed to bring progress to the NEI. Aimed at securing access to its resources, such as oil, tin and rubber,[49] the Japanese occupation led to economic and humanitarian hardship and perpetuated the NEI's economic subservience to foreign powers - Java, in particular, experienced widespread starvation and suffered under the *romusha* system of forced labour.[50]

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[48] The Dutch colonial army, the *Koninklijk Nederlands Indisch Leger*, recruited mainly from the predominantly Christian islands, such as Ambon, rather than the Muslim areas, like Java and Sumatra.

[49] S. Woodburn Kirby, *History Of The Second World War : The War Against Japan, Vol. V*, (London, 1969), p. 466.

[50] Shigeru Sato, *Nationalism And Peasants : Java Under The Japanese Occupation 1942 - 1945*, (New York and London, 1994), pp. 130 - 35, 158 - 60, 201 and 203. Other texts dealing with the effects of the Japanese occupation on Indonesian nationalism include George Kahin, *Nationalism And Revolution In* Indonesia, (Ithaca, 1952), Colin Wild, Peter Carey eds., *Born In Fire : The Indonesian Struggle For Independence*), Ohio University Press, 1988), Robert Cribb, 'A Revolution Delayed : The Indonesian Republic And The Netherlands Indies (Aug. - Nov. 1945)', *Australian Journal of Politics and History*, 32 (1986), pp. 72 - 85, Benedict Anderson, *Java In A Time Of Revolution : Occupation And Resistance 1944 - 1946*, (Ithaca, 1972) and R. F. Holland, *European Decolonization 1918-1981 : An Introductory Survey* (London, 1985). See also M. C. Ricklefs, *A History Of Modern Indonesia : c1300 To The Present*, (London, 1981).

By August 1945, and unknown to American planners, Indonesians had gained experience in administration, had a rudimentary military force at their disposal and were confident of their ability to mount a serious challenge to Dutch rule. Japan's sudden collapse and the Allies' inability to reach the NEI quickly, created a power vacuum in the NEI which offered the nationalists the chance of government. Sukarno and Hatta at first hesitated to take power but, under pressure from radicals, on 17 August 1945, Sukarno proclaimed independence and the creation of the Republic of Indonesia in a modest ceremony at the Japanese army commander's house.

However, with the Japanese surrender, Sukarno knew that it was the Allies who would determine the fate of the Indonesian Revolution. The first direct American contact with the NEI came when, on 15 September 1945, OSS agents arrived at Tandjunpriok as part of the Allied Military Mission, which was under the command of Rear-Admiral W. R. Patterson.[51] Also aboard Patterson's flagship, *HMS Cumberland*, were British and Dutch Recovery of Allied Prisoners of War and Internees (RAPWI) officials and Netherlands Indies Civil Administration personnel, including Dr. Charles O. van der Plas, the Head of Civil Administration in the Netherlands Indies Government-in-exile, whose mission was to ensure the integrity of the Kingdom of the Netherlands, its future prosperity and its place in the world.

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[51] The port at Batavia, seat of the colonial government in the NEI.

2. Washington Hides Behind The British (August 1945 - November 1946)

As part of its policy of favouring the revival of European imperialism in Southeast Asia, the State Department looked forward to the restoration of Dutch sovereignty in the NEI and expected that it would lead to the fulfilment of Washington's post-war economic, political and strategic objectives. However, when the re-occupation of the NEI began, the inadequacy of US policy became apparent as Allied forces discovered the strength of Indonesian nationalism. They found overwhelming support for independence in the NEI and that radical nationalists were willing, and able, to use violence to resist the re-introduction of Dutch rule. Through its policy of non-intervention, the Truman Administration tried to avoid direct responsibility for the application of an Allied policy so obviously unpopular with Indonesians. As time went on, Washington came under increasing pressure from the British, the Dutch, the Indonesians and domestic opinion to abandon their stance and to help in the search for a solution. By November 1946, when the British finally withdrew from the NEI, it seemed as if a solution had been brokered which would allow Washington to escape direct involvement in the crisis.

In June 1945, the State Department was emphatic that its priority in Southeast Asia generally, and the NEI in particular, was stability. It presumed that, in return for the American peoples' sacrifices during the war, the US had a right to be rewarded with 'peace and security ... and economic welfare' in the region. It accepted, however, that this objective could only be secured if native populations

were granted 'the largest possible measure of political freedom ... consistent with their ability to assume the responsibility ....'[1] In respect of the NEI, Washington believed that the twin objectives of stability and greater political freedom for the colonised - which might involve independence - would be achieved by the return of the Dutch.

In fact, the US had made the link between the NEI's post-war political development and its own desire for stability in Asia as early as the summer of 1943. Then, the Roosevelt Administration had concluded that independence for the NEI was a luxury which could not be afforded and that the 'future security' of the region demanded the return of the Dutch colonists.[2] The need for stability was made all the more important as the consequences of the Japanese efforts to stir up anti-white sentiment and their fostering of nationalist movements became apparent. Americans were, therefore, relieved by the expectation that the Dutch would maintain 'friendly' relations with the US, Britain and France and that they would 'almost certainly collaborate in international security arrangements for the Pacific and will resist other powers gaining footholds' in the NEI. The State Department was also confident that the Dutch would take the necessary steps to ensure internal stability in the NEI and predicted, as a 'foregone conclusion', that they would make 'substantial concessions to native desires' for greater local participation in government.[3] The idea that the Dutch would protect the NEI from communist

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[1] Grew to Stimson, 28 Jun. 1945. FRUS 1945 VI, pp. 556 - 80.

[2] Iriye, *Power And Culture*, p. 133.

[3] Grew to Stimson, 28 Jun. 1945. FRUS 1945 VI, pp. 556 - 80.

subversion while, at the same time, promoting stability in the region was exactly what the US wanted in the post-war world.

The Truman Administration also believed that the return of the Dutch would facilitate the NEI's reintegration into the world economy. Under their rule, it was predicted that the native economy of the NEI would quickly achieve self-sufficiency after the end of the war. It was also noted that export recovery would take longer but that the Dutch had laid plans to rehabilitate the rubber and oil industries and that they would 'revert to the "open door" policy which had existed prior to 1935.' Thus, the State Department did not expect to encounter serious difficulties in exploiting the NEI's natural resources and restoring its valuable pre-war trade. With the thought that The Netherlands would be firmly in control of the post-war situation, the Administration reassured itself that 'traditional Dutch policy is in agreement with the view of the US which favors equal economic opportunity for all nations and their nationals.'[4] The State Department was content that American economic policy goals could be achieved by the restoration of the Dutch Empire.

The Truman Administration recognised that it would have trouble in reconciling its support for self-determination for the colonised with its desire to maintain the 'unity of the major United Nations.' However, as regards the NEI, it seemed that the return of the Dutch would be all that was required for the achievement of American plans. The State Department was able, as a result, to

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[4] Ibid., pp. 556 - 80.

emphasise its benevolent disinterest in the NEI when it concluded that 'United States policy is one of non-intervention in the Indies but favors, in principle, ... self-government as the (eventual) goal.'[5] In practice, this meant that the US supported the restoration of Dutch rule while, at the same time, expecting that Indonesian independence would be granted at some, undefined, future date. Explicitly, Washington proposed to do nothing to bring that independence about.

The Americans' political desire not to be associated with the restoration of the Southeast Asian empires also extended to military disengagement from the region. In the autumn of 1944, the Roosevelt Administration had decided that American troops serving with Lord Mountbatten's South East Asia Command (SEAC) would not participate in political warfare activities 'to minimize American association in the public eye with the restoration of British imperialism...'[6] and, by early 1945, American military personnel were being withdrawn from Mountbatten's area, the final units leaving on 1 June 1945.[7] In April, General Patrick Hurley, the US Ambassador to China, had reported that the perilous situation facing American soldiers in China required the redeployment of US troops from SEAC to bolster a potentially disastrous position. His opinion, expressed to Winston Churchill, the British Prime Minister, was 'that America should use all her resources for the defeat of Japan rather than dissipate them in the reconquest of colonial territory in the rear.'[8] The Ambassador's comments neatly encapsulated Washington's wish to

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[5] Ibid., pp. 556 - 80.

[6] Hull to Roosevelt, 8 Sept. 1944, FRUS 1944 : The Conference at Quebec - 1944, pp. 261 - 65.

[7] PRO; FO 371/63551; "Report to the Combined Chiefs of Staff", *Strategy and Operations*, p. 219.

[8] Patrick Hurley to the Secretary of State, 14 Apr. 1945, FRUS 1945 VII, pp. 329 - 32.

concentrate on the main priority - the defeat of Japan - while avoiding the embarrassment of being involved in Southeast Asian colonial politics. In this context, the decision to dissolve the SWPA and transfer most of its area of operation to SEAC, with effect from 15 August 1945, satisfied both American war strategy and Washington's political interests.[9] The agreement to give SEAC responsibility for the liberation of the NEI did not, however, amount to a rejection by the US of its interests in the colony since the British shared with the Americans a commitment to restoring Dutch rule and so could be trusted to protect US interests in the Indies. In effect, Washington "sub-contracted" to London the conduct of its policy in the NEI.

Like the Americans, the British had a sizeable economic stake in the NEI. By 1941, British companies had considerable interests in the NEI, particularly in mineral extraction and plantations. In addition to the many British importers and agents trading there, RDS, which was 40 per cent British-owned, controlled 73 per cent of refinery capacity in the NEI and dominated oil extraction,[10] while British-American Tobacco was one of a number of companies which owned plantations in the NEI. Altogether British investments in the NEI by the time war came totalled about £100 million.[11]

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[9] SEAC's zone of responsibility already included Sumatra, while the SWPA covered the remainder of the NEI. The Americans retained the Philippines in their area of operations.

[10] History of the Royal Dutch/Shell Group of Companies, (Public Affairs, Shell International Petroleum Company, London), Department of Management Records and Archives, Shell UK, Shell Centre, London. Shell's share of oil production is based on 1938 figures and is confirmed by Memorandum of Conversation by Hamilton, 25 Jul. 1940, FRUS 1940 IV, pp. 55 - 56.

[11] PRO; FO 371/46348; Letter from Directors of Anglo-Dutch Plantations of Java Ltd, British-American Tobacco Co. Ltd, Harrison & Crossfield Ltd, Lever Bros. & Unilever Ltd, "Shell Transport" & Trading Co. Ltd to Bevin, 10 Oct. 1945.

The NEI was also important to the British Empire in the Far East. Through the International Rubber Committee, the British and Dutch controlled production levels and the price of natural rubber from their Malayan and Indies plantations. The UK also obtained crucial supplies of aviation gasoline from Stanvac refineries in Sumatra - in 1940, the company's entire output for the next three years was contracted to Britain.[12] Perhaps most importantly of all, communications between the UK and its Pacific colonies and Dominions depended on the security of the Straits of Malacca, the narrow stretch of water between Malaya and Sumatra, thus highlighting the interdependence of the European powers in Southeast Asia. In November 1945, a British Government report noted that the British, French and Dutch were all facing similar problems in their Asian colonies and concluded that an orderly transition to self-government in the British colonies would be 'impossible to pursue' if nationalist movements were allowed to get out of control 'in any one of the (British, French or Dutch) dependencies.'[13] Like Washington, London wanted stability and believed that it was essential the NEI 'be under the control of a friendly power ....'[14]

The development of atomic weapons had given the US and the UK a shared strategic interest in the NEI's future as an ally of the West. In August 1943, Roosevelt and Churchill had agreed that their countries would collaborate fully in the development of atomic energy for military and commercial purposes. They set

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[12] Memorandum of Conversation by Hamilton, 25 Jul. 1940, FRUS 1940 IV, pp. 55 - 56.

[13] PRO; FO 371/46325; "Economic Co-ordination in South East Asia", report sent to the Cabinet Office, 30 Nov. 1945.

[14] PRO; FO 371/54052; "British Foreign Policy in the Far East", 31 Dec. 1945.

up jointly the Combined Development Trust (CDT) which was assigned the task of gaining control of, and developing, the production of uranium and thorium supplies situated in areas outside their jurisdiction.[15] The CDT identified the NEI as a significant source of thorium and, amid conditions of extreme secrecy, negotiations with the Dutch Government began on 12 July 1945. On 4 August, the US and the UK reached an agreement with the Dutch which gave them control of thorium supplies in the NEI[16] and, in so doing, gave themselves a powerful incentive to maintain Dutch sovereignty.

Although the US and the UK had differing emphases in their respective policies towards the NEI, they shared a basic interest in the colony. They both wanted to see the NEI remaining under Dutch rule, at least for the time being - the Americans, on 10 December 1944, and the British, on 24 August 1945, had concluded Civil Affairs Agreements (CAAs) with the Dutch which recognised Dutch sovereignty over the NEI and committed them, after liberation, to returning the colony to Dutch control.[17] Both also believed that the Dutch would not want to return to the pre-war colonial system and would promote institutional reform

Despite not wishing to be directly involved in Southeast Asia after the war, Washington took steps to ensure that it was able to monitor events. Accordingly, a

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[15] Agreement between the United States and the United Kingdom for the Establishment of the Combined Development Trust, 13 Jun. 1944, FRUS 1944 II, pp. 1026 - 28.

[16] PRO; PREM 8/110; "Memorandum of Agreement Between The Netherlands Government and the Governments of the United States of America and the United Kingdom of Great Britain and Northern Ireland", 4 Aug. 1945.

[17] The United Kingdom - Netherlands Civil Affairs Agreement originally covered only Sumatra but was extended, on 4 September 1945, to cover the whole of the NEI.

few weeks before the Japanese surrender, Mountbatten agreed to allow the OSS to operate in SEAC's area until American diplomatic representation could be arranged. Under the agreement, the OSS teams were allowed to carry out RAPWI functions, to obtain information about war criminals and to protect American property. In fact, Washington used the understanding as cover for the OSS to collect political, military and economic intelligence.[18] The OSS party sent to the NEI aboard *HMS Cumberland* was led by Jane Foster and was joined, on 25 September, by Lieutenant-Colonel K. K. Kennedy, the US Military Observer.[19] The Americans also received information from the British, who were keen to ensure that Washington was well-informed about events in the NEI. Even before the SWPA's dissolution, Sir Alexander Cadogan, the Permanent Under Secretary of State, had noted, perhaps a little ruefully, that it was 'probably inevitable' that the post-war situation would require Britain to consult the US Administration on all matters relating to Southeast Asia.[20] When SEAC took responsibility for Southeast Asia, British awareness of American concern about its investments led Esler Dening, Mountbatten's Chief Political Adviser, to assure them that his 'personal attention ... would be given to the re-occupied areas' and that questions about

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[18] PRO; WO 203/6449; SACSEA to Saigon Control Mission, 20 Sept. 1945. US War Department, *The Overseas Targets : War Report Of The OSS Vol. 2* (New York, Washington, 1976), p. 413 - 14.

[19] National Archives, Washington DC (NA); Records of the Office of Strategic Services, Record Group 226 (RG 226); Field Intelligence Reports : Theater Officer Correspondence, Draft Histories, Box 25; 276 SSU/IBT/Batavia - Operations; Foster to Lloyd George, 25 Sept. 1945. Kennedy was probably a member of Military Intelligence.

[20] PRO; FO 371/46325; Sir Alexander Cadogan to Anthony Eden, 13 Jan 1945.

American interests should be directed to him until normal channels could be established.[21]

At the end of the war, the US had a treaty commitment to restore Dutch rule in the NEI and had also decided that the Dutch would safeguard American and Western interests in the archipelago. The decision to transfer responsibility for Southeast Asia to the British was taken to allow Washington to pursue its own wartime and post-war objectives and also allowed the US to avoid association with the restoration of colonial rule in the region. Despite regarding the British as a "safe pair of hands", the Administration ensured that it was in a position to keep a close watch on developments and also to pursue its own interests through the presence of the OSS until its diplomatic presence was reinstated. The Americans - like the British and the Dutch - believed that it would not be long before pre-war relations were re-established and the NEI was restored to its place in the world political and economic order. The Americans expected that their involvement in the process would be limited.

The tasks facing the Allied forces in the NEI were threefold. They were the concentration, disarming and repatriation of Japanese armed forces, the liberation and evacuation of Allied prisoners and civilian internees and the maintenance of law and order in the major cities until the Dutch could take over.[22] From the

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[21] Secretary of the American Commission at New Delhi (Max W Bishop) to the Secretary of State, 17 Aug. 1945, FRUS 1945 VI, p. 673. The US Consul-General did not return to Batavia until the third week in October.

[22] Imperial War Museum (IWM); Lieutenant General Sir Philip Christison, *The Life And Times Of General Sir Philip Christison*, p. 176. Christison's memoir is unpublished.

outset, the reoccupation of the NEI was more problematical than the Allies had expected. Mountbatten blamed MacArthur's order, that Allied forces should neither re-occupy territory nor take local surrenders until after the Japanese had formally capitulated, for postponing the Allies' arrival in the NEI. He also blamed MacArthur for the lack of resources available to SEAC to carry out its responsibilities. He noted that he had neither the troops nor the transport to carry out effectively his tasks of rounding-up and repatriating over 750,000 Japanese soldiers and civilians and evacuating over 125,000 prisoners of war and internees.[23] However, Mountbatten only tells part of the story. By chastising MacArthur for the failure to reach the NEI quickly after the cessation of hostilities, he avoided the issue of British priorities in Southeast Asia, which left the liberation of the NEI as SEAC's lowest priority.[24] In military terms, therefore, both the US and the UK saw the NEI as relatively unimportant. The British, who had to deal with the consequences of Allied complacency, tried to blame the Americans but were just as culpable themselves. The British undoubtedly felt that they had been landed with a "hot potato" and this sense of injustice infected their actions in the NEI and helped shape American policy.

Soon after the cessation of hostilities, both the British and the Americans began to realise that the situation in the NEI might be more difficult than had been expected. By mid-September, reports from RAPWI teams and his own wife

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[23] PRO; FO 371/63551; "Report to the Combined Chiefs of Staff ", *Strategy and Operations*, pp. 226 - 27 and 257. The general surrender occurred on 2 September 1945 while the surrender in Southeast Asia was taken on 12 September 1945.

[24] Christopher Thorne, *Allies Of A Kind : The US, Britain And The War Against Japan 1941-45*, (London, 1978), p. 614.

had alerted Mountbatten to the appalling conditions in the prisoner-of-war and internment camps. It was in response to this intelligence that Mountbatten decided to send Patterson to Java with relief supplies and to get more information. The knowledge that Indonesian independence had been declared, together with reports of the arming of Indonesian radicals by the Japanese, added to the fears about the situation in the NEI. British concerns were also reflected in a more cautious assessment of the situation in Washington, where it was being acknowledged that the NEI might present the Allies with 'a most complicated problem ....'[25] However, it was only when Patterson reached Java that the Allies began to appreciate the scale of the problem which confronted them.

Patterson's arrival exposed the extent to which law and order had broken down. He found armed Indonesians intimidating prisoners in their camps and it soon became clear that many Japanese troops had withdrawn from their policing duties. While some had simply interned themselves, others had handed over their duties to Indonesian police, while yet more had been physically displaced by radical nationalists.[26] Some Japanese, including the hated Kempeitai, the Military Police, had, nevertheless, complied with the surrender terms and were still patrolling Batavia. It is clear that large numbers of Japanese troops had failed to comply with Allied directions to maintain law and order - as one

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[25] Brown University Library (BUL); OSS/State Department Intelligence and Research Reports (Microfilm) (OSS/State IR Reports) : Postwar Japan, Korea and Southeast Asia; OSS Research and Analysis Branch (OSS RAB) Report 3255; "A "Government of the Republic of Indonesia" Confronts Allied Reoccupation Forces in the Netherlands East Indies", 14 Sept. 1945.

[26] Anderson, *Java In A Time Of Revolution*, pp. 128 - 30; Clifford Squire, Britain And The Transfer Of Power In Indonesia, (PhD Thesis, School of Oriental and African Studies, University of London, 1979), p. 59.

sympathetic British officer noted, the Japanese had progressively lost control to the nationalists 'at a time when ever increasing demands were being made on (them) from all sides....'[27] However, the promotion of the nationalist cause by the Japanese military hierarchy had also encouraged radicals to take control. By now, Mountbatten was convinced that the NEI was going to cause real difficulties for the Allies and he told Lieutenant General Sir Philip Christison, who was to command Allied forces in the NEI, that he did not want to be directly responsible for, what he believed would be, a 'tricky' business.[28]

Just as the British were forced to revise their assessment of the likely course of events in the NEI so too were the Americans. Foster reported that van der Plas had 'been temporarily removed to *H.M.S. Cumberland* in protective custody' in view of the situation. She was also able to give the first detailed account of the nationalists and their programme. Her source was, she said, convinced that nationalists wanted 'nothing short of independence' and she went on to cast doubt on the Allies' belief that they were merely creatures of the Japanese. Foster's report did, however, give credence to the view that the Japanese were playing a 'double game' by accepting Allied orders while at the same time supporting the nationalists.[29] There is some doubt about the use to which Foster's reports were put as five days later she asked her superiors what arrangements were being made

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[27] PRO; WO 203/5383; "Report on the Progress of Operation Impersonal" by Capt. E. Tyndale Cooper, 19 Oct. 1945.

[28] IWM; Christison, *The Life and Times of General Sir Philip Christison*, p. 176.

[29] NA; RG 226; Field Intelligence Reports, Box 21; 241; "Current Political Situation", report by Foster, 20 Sept. 1945.

for 'our material' to reach Washington, making it clear that much of it was of interest only to the State Department.[30] Despite this communication problem, it seems that sufficient information reached Washington to raise doubts about the original assessment of the Indonesians' attitude towards their colonial masters. While noting that it was too early 'to evaluate the full significance of the Java uprisings', the OSS accepted that the strength of nationalist support in Batavia had been underestimated.[31]

The early reports from Java, while they raised concerns about the basis upon which US policy had been founded, confirmed the wisdom of the decision not to intervene in the NEI as Foster noted that American prestige amongst Indonesians was 'very high'.[32] Her assessment was confirmed a few weeks later by another American agent who said that pro-nationalist slogans on buildings, which quoted from the US Declaration of Independence and the speeches of Abraham Lincoln, were designed to appeal to the American troops it had been assumed would liberate the NEI. That this had not happened had, he reported, left untarnished America's reputation as a champion of the colonised.[33] The positive light in which the Americans were held contrasted with the plight of the British who were forced to

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[30] NA; RG 226; Field Intelligence Reports, Box 25; 276 SSU/IBT/Batavia - Operational; Foster to George, 25 Sept. 1945.

[31] BUL; OSS/State IR Reports : Postwar Japan, Korea and Southeast Asia; OSS RAB Report 3265; "Indonesian Unrest Portends Most Critical Situation in Southeast Asia Command", 28 Sept. 1945.

[32] NA; RG 226; Field Intelligence Reports, Box 21; 241; "Current Political Situation", report by Foster, 20 Sept. 1945.

[33] NA; RG 226; Field Intelligence Reports, Box 22; 244; Lt. R. K. Stuart to Lt. W. L. Barnette, 25 Oct. 1945.

speed up the despatch of troops to the NEI as a result of the evidence accumulated by Patterson.

The first contingents of the main Allied liberation force arrived in Batavia on 29 September and were soon engaged, along with Japanese troops, in carrying out SEAC's post-war tasks. Additionally, Christison had been authorised by London to use his "good offices" to arrange meetings between the Dutch and the Indonesians.[34] As the military build-up continued, the US sought to preserve its distance from the situation but the extent to which the Allied forces relied on American equipment threatened to implicate the US in events in the NEI. Washington discovered that Lend-Lease trucks stencilled "USA" were being used to haul British, Indian and Japanese troops around Batavia and that Japanese troops in one truck had fired on Indonesians.[35] On 15 October, the Americans asked the British to arrange for the removal of the "USA" insignia in an effort to prevent Washington being associated with SEAC's activities.[36]

Although, publicly, the US was neutral in the conflict between the Indonesians and the Dutch, the real effect of its stance was to support the Dutch. It was still committed to Dutch sovereignty through the CAA and had taken practical steps to reinforce this position. In early September, the Administration had agreed to

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[34] IWM; Christison, *The Life and Times of General Sir Philip Christison*, p. 176.

[35] NA; RG 226; Research and Analysis Branch Divisions (RABD); Intelligence Reports ("Regular" Series), 1941 - 45 ("Regular" Series), Box 285; XL 19357 - XL 19385; "General Situation (Java)", Report XL 19385, 5 Oct. 1945.

[36] PRO; FO 371/46393; John Allison (US Embassy, London) to Sterndale Bennett, 15 Oct. 1945.

complete the training of a contingent of Dutch marines in the US so that they could be used 'as occupation troops'.[37] A further indication of US attitudes came with the approval of a $100 million Export-Import Bank credit for the NEI, in the same month. While the credit was made conditional upon clarification of the political situation, it nevertheless signalled American confidence in the Dutch.

Washington's predisposition to favour the Dutch was made easier by evidence that the nationalists were not quite the force that they had appeared to be. On 28 September, Kennedy and Foster interviewed Indonesian leaders, including Sukarno, to find out more about the potential of the movement. The Americans made it clear that the meeting did not imply recognition and Kennedy reported that he did not believe that the Indonesians had either the training, equipment or the organisation to resist a modern army.[38] Ominously, however, Kennedy also argued that the Dutch would be unable by themselves to 'defeat completely the forces of the Indonesian Republic.'[39] While the fact that the meeting was held at all exposed a difference of approach with the Dutch, who wanted to execute Sukarno as a collaborator,[40] it did show that the OSS team had much the same view of Sukarno

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[37] NA; Records of the War Department General and Special Staffs, Record Group 165 (RG 165); Box 89; ABC 091.711 Netherlands (1 Sept. 43) Sec 1-B; Top Secret "American-British-Canadian" Correspondence, 1940 - 48 : 014 Japan to 014 Netherlands; JCS 765/15, 3 Sept. 1945. It had originally been planned that these troops be deployed in the Asian theatre against the Japanese.

[38] NA; RG 226; RABD; Intelligence Reports ("XL" Series) 1941 - 46 ("XL" Series), Box 317; XL 23085 - XL 23090; Report XL 23085, undated and unsigned.

[39] NA; RG 226; RABD; "XL" Series, Box 304; XL 21473 - XL 21484; "Reactions of the Indonesians to the Military Occupation of the Netherlands East Indies", Report XL 21482, 11 Oct. 1945.

[40] NA; RG 226; Field Intelligence Reports, Box 21; 241; "Current Political Situation", report by Foster, 20 Sept. 1945. In fact, "collaborators", like Sukarno and Hatta, had co-operated closely with the "underground" resistance to the Japanese. (Letter from Critchley to the author, 6 Aug. 1998.)

as did the British, who regarded him as a 'man of straw' being built up into a martyr by the Dutch.[41]

By mid-October, the dilemma facing the US was apparent. On the one hand, it had commitments to the Dutch, as the sovereign power, and to the British, who were acting on behalf of the Allies. This association with the *status quo* was given added meaning as American-owned oilfields and refineries in Sumatra were being protected by Japanese troops acting under Allied orders.[42] In political and economic terms, therefore, US interests remained with the restoration of the Dutch. However, the emergence of a popular nationalist movement had upset American calculations by challenging the assumption that the Dutch would be able to control constitutional change. The State Department was also becoming worried about Dutch intentions. In an analysis, drawn up in early October, it had noted the 'crucial necessity' of them making a definitive policy statement[43] but American patience was sorely tested firstly by their refusal to negotiate with Sukarno and then by the vagueness of Dutch proposals.[44] The difficulty facing the US was exacerbated by the confusion of information about the nationalists themselves. While the British and Kennedy doubted their strength, the Dutch were implying

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[41] Memorandum of Conversation by Abbott Low Moffat, 18 Oct. 1945, FRUS 1945 VI, pp. 1165 - 67. Moffat was meeting F. C. Everson, First Secretary at the British Embassy.

[42] PRO; WO 203/6160; "Report of the Activities of the 26th Indian Division in Sumatra, 1945 - 46", 13 Nov. 1946 and CAB 105/163; SEACOS 715, SACSEA to Cabinet Offices, 20 Jun. 1946.

[43] BUL; OSS/State IR Reports : Postwar Japan, Korea and Southeast Asia; Department of State Interim Research and Intelligence Service (IRIS) Report 3270; "British Policy Towards Nationalists in Indonesia Strengthens Soekarno's Position", 5 Oct. 1945.

[44] NA; Records of the Department of State, Record Group 59 (RG 59); Decimal File (DF) 1945 - 1949, 856D.00, Box 6439; Memorandum of Conversation by John Cady, meeting Jay Reid (New York Herald Tribune), 15 Oct. 1945.

that they were to be feared. On 10 October, Dean Acheson, the Undersecretary of State, met the Netherlands Ambassador, Alexander Loudon, who, after handing Acheson a copy of the Dutch proposals, described Sukarno and Hatta as wartime collaborators. Perhaps in an effort to make sure that all angles were covered, he also advised Acheson that they had visited Moscow before the war and that he believed they were Communist-inspired.[45]

Essentially, the US response was to take no position at all, a stance justified, publicly at least, by the contention that the US could not interfere in the internal affairs of friendly powers.[46] However, it was an approach which served to reconfirm US support for the Dutch behind an appearance of non-involvement in the NEI. Within the State Department, there was a growing realisation that this position could not be sustained. Pointing to US economic interests in the NEI and the commitment to self-determination in the Atlantic Charter, analysts argued that it was 'unthinkable' that the US could ignore the situation and urged that 'some policy must soon be adopted.' Even so, they had difficulty in identifying an acceptable course of action, arguing that support for one side or the other would involve potentially unpalatable consequences and half-heartedly suggesting that the US might try to persuade Sukarno to negotiate with the Allies.[47] The analysis

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[45] Memorandum of Conversation, by the Undersecretary of State (Dean Acheson), 10 Oct. 1945, FRUS 1945 VI, pp. 1163 - 64.

[46] NA; RG 59; DF 1945 - 1949, 856D.00, Box 6439; Memorandum of Conversation, by Kenneth Landon, meeting with Mr. Fitzsimmons (Newsweek), 18 Oct. 1945.

[47] NA; RG 226; RABD; "XL" Series, Box 317; XL 23085 - XL 23090; "Problems Facing the Allies in the NEI", Report XL 23086, 16 Oct. 1945.

offered policymakers no firm advice and was itself a reflection of the reluctance of the State Department to take a position on the NEI.

Despite its difficulties in devising a policy to deal with the situation and its unwillingness to commit itself publicly, the Administration was finding it increasingly difficult to avoid comment. On 20 October, in a speech to the Foreign Policy Association Forum, John Carter Vincent, the State Department's Director of Far Eastern Affairs, spelt out US policy on colonialism in Southeast Asia in an effort to meet these criticisms. Vincent proclaimed that the US recognised the fundamental right of colonial peoples to self-determination within a specified practical time limit. He argued that decolonisation was central to the attainment of Washington's foreign policy goals and called for territorial sovereigns and nationalists to negotiate transfers of sovereignty in the colonies. Vincent pledged that the US would not assist in the forceful imposition of control by colonial powers and concluded by offering US assistance, if requested, in efforts to reach peaceful settlements.[48]

The speech revealed tensions within the State Department - it had apparently not been cleared in advance with the Office of European Affairs[49] - and brought the US into a more exposed relationship with the Dutch and the Indonesians. Two days later, Vincent defended his suggestion that the US was prepared to assist in seeking peaceful settlements if requested to do so. He argued that he had not

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[48] PRO; FO 371/46353; Department of State Press Release, 18 Oct. 1945.

[49] NA; RG 59; DF 1945 - 1949, 856D.00, Box 6439; Memorandum of Conversation by John Hickerson, meeting H. van Vredenburch (Counselor, Netherlands Embassy), 22 Oct. 1945.

breached the policy of non-intervention since American willingness to give help was not new. He also said he was not advocating that the US should actively seek to become involved in disputes, such as the one in the NEI, and that any request for assistance would be entertained only if it came from a territorial sovereign.[50] This clarification formed the basis of the State Department's response to Dutch expressions of concern at the import of Vincent's speech.[51] However, in conciliating the Dutch, the US rebuffed the nationalists - on 24 October, Sukarno had asked for American mediation citing Vincent's speech.[52] Vincent had, however, altered Washington's position in respect of the NEI as it publicly aligned the US with British efforts to promote a negotiated settlement. This was done at the expense of the Administration's attempts to distance itself from the dispute as Vincent succeeded in both antagonising the Dutch and giving false hope to the nationalists. The need to reassure the Dutch on the sovereignty issue had the consequential effect of delivering a public snub to the nationalists. Finally, the assurances given to the Dutch about the conditions under which the US would consider mediating the dispute gave them a veto over future American involvement in the dispute - only if the Dutch asked for mediation would the Administration consider accepting. Overall, the speech and its aftermath reinforced Washington's dependence on the British and the Dutch for the achievement of US objectives in the NEI and made more explicit its support for the restoration of colonial rule.

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[50] John Carter Vincent to the Director of the Office of European Affairs (H. Freeman Matthews) and Hickerson, 22 Oct. 1945, FRUS 1945 VI, pp. 1167 - 68.

[51] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6448; Secretary of State to Foote, 31 Oct. 1945.

[52] NA; RG 226; RABD; "Regular" Series, Box 342; XL 26150 - XL 26160; "Soekarno's Speech of Oct. 24", Report XL 26156, 27 Oct. 1945.

By the end of October, the situation in the NEI had exploded into open warfare between the British and armed Indonesians. Having secured Batavia, SEAC forces had, in early October, extended the area under their control to other "key locations" in Java in order to make greater progress towards evacuating the Japanese and the prisoners of war and the internees. Mountbatten's troops moved to occupy the main centres near which were located internment camps and concentrations of Japanese troops. At Surabaya, a ferocious battle broke out, on 29 October, as Indonesian radicals tried to prevent British occupation of the city. In this critical situation the British prevailed upon Sukarno to arrange cease-fires and persuaded Dr. H. J. van Mook, the Lieutenant Governor-General of the Indies, to meet him in an effort to get negotiations going. However, The Hague recoiled from legitimising Sukarno and denounced van Mook for talking to him despite having given permission beforehand for the meeting.[53]

With the situation escalating out of control, both the British and the Indonesians turned to the Americans for help. The US Ambassador in London, John Winant, reported, on 7 November, that the Foreign Office had complained that SEAC was ill-equipped to meet the situation and that the Dutch were being difficult. Winant reported that the British wanted 'US understanding and sympathy' for their predicament and for any military action they took in furtherance of what was, they argued, an Allied task. Two days later, the UK's Ambassador in Washington, Lord Halifax, met Secretary of State James Byrnes to ask for an

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[53] Memorandum of Conversation by Moffat, 8 Nov. 1945, FRUS 1945 VI, pp. 1170 - 72.

indication that the US appreciated the British position.[54] Also in early November, Sukarno approached both the US and the UK in an effort to persuade them to support a UN investigation into the situation in the NEI.[55]

This pressure revived the concerns of officials in the Bureau of Far Eastern Affairs who were unhappy at Washington's policy towards the NEI, which they believed had not lived up to American anti-colonial traditions. They also argued that through its policy of 'benevolent neutrality' towards the Dutch, the US had ignored its role as world leader and, consequently, risked harming its long-term economic interests. Contending that Vincent's speech had committed the Administration to 'a negative role of abstention', they condemned as inadequate the attempt to hide the origins of SEAC's equipment and asserted that the US would not be able for much longer to stand aside from the dispute. As alternatives to American 'neutrality', they suggested that Washington should either 'take a lead' in promoting a trusteeship arrangement for the NEI or that it should exert pressure on the Dutch to make 'reforms short of trusteeship'. Although the officials preferred the trusteeship option, which they felt would project a 'positive and progressive' image of the US and satisfy American public opinion, the Administration was not ready to take such a step.[56] It was, however, prepared to despatch its ambassador at The Hague to impress upon the Dutch the need for talks, but only if the British

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[54] PRO; FO 371/46409; L. Ridsdale to I. A. D. Wilson Young, 2 Jan. 1946.

[55] Margaret George, *Australia And The Indonesian Revolution* (Melbourne University Press, 1980), p. 42.

[56] NA; RG 59; Special Files, Southeast Asia 1944 - 1958; Records of the Philippine and South East Asian Division 1944 - 1952, (Lot 54 D 190); Reel 6/39; "United States Policy Toward the Netherlands East Indies and Indochina", by R. Emerson, 20 Nov. 1945.

approved.[57] Even though the State Department had accepted a higher profile in the dispute, it was still not willing to give the British its public support and was certainly not about to challenge Dutch sovereignty in the NEI.

While Washington had been considering its response to the British request, the situation in the NEI had changed dramatically. On 14 November, Sutan Sjahrir had formed a Cabinet having wrested power from Sukarno. While Sukarno remained President of the Republic, the rise of Sjahrir, who as a member of the wartime resistance had no association with the Japanese occupation, represented an opportunity for talks to resume with the Dutch. On 17 November, Christison, van Mook and Sjahrir met informally and events seemed to be taking a promising turn.[58] However, these discussions soon broke down over Republican demands for Dutch recognition and, by 10 December, the British were again asking the US for support. They did not now believe that an approach to the Dutch would be productive but instead sought a public statement from the US about the collapse of negotiations. The British also wanted American recognition that their troops in Java were carrying out Allied tasks.[59]

In addition to the doubts about US policy coming from inside the State Department, the Administration was also under fire from other quarters over its policy, or lack of one, in the NEI. On 5 December, Congresswoman Clare Luce

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[57] Secretary of State to John Winant , 20 Nov. 1945, FRUS 1945 VI, p. 1173.

[58] Winant to the Secretary of State, 1 Dec. 1945, FRUS 1945 VI, p. 1175.

[59] Memorandum of Conversation by James Byrnes, 10 Dec. 1945, FRUS 1945 VI, p. 1181.

Booth castigated Washington's 'bewildered inactivity' in a speech in the House of Representatives[60] and, a few days later, a Strategic Services Unit (SSU) report warned that US 'aloofness' was seen by Indonesians as connivance with the forcible restoration of Dutch rule and that American prestige was threatened as a result.[61] The Dutch were also known to be unhappy with US 'neutrality', which they believed represented a failure by Washington to live up to its wartime commitments.[62]

The US Administration responded to the British request, on 19 December, with a public statement which seemed to satisfy everybody. While the Dutch liked the statement, Walter Foote, the American Consul-General in Batavia, reported that Christison thought it was 'a perfect document' and that the Indonesians saw it as a sign that the US would hasten the end of their struggle.[63] Although the statement has been described as a 'diplomatic triumph',[64] it represented an advance in US post-war policy on the NEI only in that it explicitly associated the US with British actions and policy in the NEI. For the first time, the Administration publicly acknowledged that SEAC was carrying out Allied post-war tasks and that it had 'to

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[60] McMahon, 'Anglo-American Diplomacy and the Reoccupation of the Netherlands East Indies', *DH* 2 (1) (1978), pp. 1 - 25.

[61] NA; RG 226; RABD; "XL" Series, Box 370; XL 32100; "Indonesian Nationalist Opinions", Report XL 32100, 9 Dec. 1945. The SSU had succeeded the OSS when it was wound up on 1 October 1945.

[62] MacArthur Archives (MA); Record Group 4, Records from General Headquarters, United States Army Forces, Pacific (USAFPAC); Subseries 3 - Daily Intelligence Summaries, Box 28; 2, G-2 Daily Intelligence Summary - December 1945; Daily Intelligence Summary No. 114 -1362, 27 Dec. 1945.

[63] Hornbeck to the Secretary of State, 23 Dec. 1945, and Foote to the Secretary of State, 23 Dec. 1945, FRUS 1945 VI, pp. 1184 - 1186.

[64] McMahon, *Colonialism And Cold War*, p. 111.

assure such order as is necessary for their execution.' The statement reflected US policy towards colonialism by recognising Dutch sovereignty in the NEI and, in that context, expressed the hope that a peaceful settlement could be achieved which would 'recogniz(e) alike the natural aspirations of the Indonesian peoples and the legitimate rights and interests of the Netherlands.' The Administration called, finally, for an early resumption of negotiations and a settlement 'in harmony with the principles and ideals' of the UN Charter.[65] The initiative indicated the limits of US support for the Dutch in that it supported the use of force only insofar as it related to the completion of Allied objectives, which did not include the forcible restoration of the Dutch.[66]

Three months after the re-occupation, the US had abandoned its attempt to hide behind the British, whose effort to share the responsibility for events in the NEI had been successful. American policy was in tatters for the simple reason that the Truman Administration had not been allowed by the protagonists to remain detached from events. Despite this shift, the State Department statement still showed it believed that the Indonesians' desire for independence and Dutch rights in the NEI were essentially compatible and reconcilable. This stance accorded with the Administration's view that Western interests could only be preserved in the NEI if the Dutch oversaw an amicable transfer of sovereignty which allowed them to retain a significant stake in an independent Indonesia. Washington remained

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[65] United States Press Statement, 19 Dec. 1945; *Department of State Bulletin (DSB)*, Vol. XIII, Number. 339, 23 Dec. 1945.

[66] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6448; Hickerson and Vincent to the Secretary of State, 11 Dec. 1945.

convinced that 'the primary responsibility for arriving at a settlement' rested with the Dutch[67] and that any delay on their part would threaten the NEI's re-integration into the capitalist economy or increase the risk that the Indonesian revolution would be taken over by radicals or the Soviets, or both, to the detriment of Western interests. However, in making its public pronouncement, the State Department had strengthened the British and the Dutch positions at the expense of the nationalists. It had also limited its own options and was now firmly associated with British efforts to promote a negotiated settlement.

The new American policy did not mean, however, that the Truman Administration was prepared to allow the British a free hand. Early in February 1946 John Allison, a US Embassy official in London speaking with Acheson's approval, told the Foreign Office that, because the proposed $3.75 billion loan to the UK was under fire in Congress, 'there should be no public airing of any Anglo-American differences in Far Eastern matters.' Assuring the British that it was not the State Department's idea to use the loan as a lever to secure American objectives, he asked that the Administration be kept informed of events in the NEI so that any criticism did not affect the loan's passage.[68] The linkage between the loan and British policy in the Far East must have impressed the Foreign Office despite Allison's denials that it was a connection made by the Administration. The US Government had associated itself with British actions in the NEI, but was

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[67] United States Press Statement, 19 Dec. 1945; *DSB*, Vol. XIII, Number 339, 23 Dec. 1945.

[68] PRO; FO 371/54052; Record of a conversation between Berkeley Gage (Foreign Office) and Allison, 2 Feb. 1946 and Note by Sterndale Bennett of a meeting with Allison, 4 Feb. 1946.

making it clear that its support would continue only if the UK's policies met with American approval.

Washington now became actively involved in promoting a negotiated settlement in the NEI and supported a British initiative to get talks re-started. Since the bloodletting at Surabaya, the British had accepted that a military solution was not achievable and, by December 1945, British policy had shifted and was focused on holding the major urban and economic centres until the Dutch were ready to take over.[69] At a series of meetings over Christmas 1945, Clement Attlee, the Prime Minister, and Ernest Bevin, his Foreign Secretary, urged the Dutch to acknowledge their responsibility to take the lead in the search for a settlement. Their efforts brought immediate support from Washington. Brushing aside Dutch complaints about British partiality towards the nationalists, John Hickerson, the Deputy Director of the Office of European Affairs, reminded Loudon of the December statement and told him that a failure by the Dutch to present proposals would be 'disastrous'.[70] Hickerson's support for the British initiative reflected Washington's hope that the colonial powers would negotiate the restoration of their sovereignty on terms that accorded with the wishes of 'responsible elements' of the colonised populations. Although not proposing immediate independence, the US expected the colonial powers to accept their duty to prepare their subjects for self-government.[71]

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[69] McMahon, 'Anglo-American Diplomacy and the Reoccupation of the Netherlands East Indies', *DH* 2 (1) (1978), pp. 1 - 25.

[70] Memorandum of Conversation by Hickerson, 10 Jan 1946, FRUS 1946 VIII, pp. 792 - 95.

[71] NA; RG 59; Lot 54 D 190; Reel 6/39; "The Importance of the Philippines with respect to United States Policy in Southeastern Asia" by Cady, 2 Jan. 1946.

The Anglo-American pressure brought immediate results when, after the British had appointed Sir Archibald Clark Kerr as their Special Envoy in the NEI, formal talks resumed, in early February. Dutch proposals fitted neatly into the framework set out by Hickerson and included the creation of a federal Commonwealth of Indonesia which would join The Netherlands and its other colonies in a Kingdom of the Netherlands. However, the Dutch promised independence only within the lifetime of 'the present rising generation'.[72] Sjahrir rejected the main elements of the Dutch proposals. He wanted republican sovereignty over the whole territory of the NEI, no transitional period to independence and the early withdrawal of Dutch troops. Despite these differences, the Americans were optimistic. They believed that the Indonesians would be prepared to compromise on their demand for independence and that the Dutch were committed to reaching a conclusion in the talks.[73]

Unfortunately for the British and the Americans, just as their efforts to secure a bi-lateral settlement in the NEI seemed to be bearing fruit, the prospect of unwelcome international involvement materialised. With the UN Security Council (UNSC) already dealing with a complaint from Iran about Soviet interference in its internal affairs, the Ukraine Soviet Socialist Republic submitted that British actions in Greece and Indonesia amounted to a threat to world peace. This threat to the Allies' ability to manage the situation in the NEI came at a time when evidence was

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[72] Alastair Taylor, *Indonesian Independence And The United Nations* (London, 1960), p. 19.

[73] Harry S. Truman Library (HSTL); Papers of Harry S. Truman (Truman Papers); Naval Aide Files (NAF), Box 15; War Department Intelligence Review - February 1946; Intelligence Review, 14 Feb. 1946, p. 68.

appearing of increased PKI activity and it raised concerns about Soviet intentions towards the NEI.

The UNSC debate opened on 7 February with D. Z. Manuilsky, the Ukrainian Delegate, charging that the UK's actions in the NEI contravened the UN Charter in that it was abusing its mandate from the Allies by suppressing the nationalists. He charged that the use of Japanese troops by the British showed that they were exceeding their mandate and proposed that the UN set up a commission to investigate the situation in the NEI and report back to the UNSC. The Soviet charges drew a furious response from Bevin, who argued that they had not been substantiated.[74]

The US Administration had a rather more complicated problem to address in dealing with the Soviet argument than did the British. Having been the prime mover in the creation of the UN, Washington wanted to establish it as a forum for the resolution of international incidents but was unhappy at the prospect of the Soviets using the UN as a means of gaining influence in areas of interest to the West. It also had to be aware of the sensitivities of its allies. In December 1945, the State Department had considered what line to take in the event that the situation in the NEI was referred to the UN and had concluded that the US would argue that the best hope for a solution to the problem lay in direct talks between the Dutch and the Indonesians. The Administration had also decided not to support any Dutch claim that the matter was an internal one and, therefore, not proper to the UN,

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[74] United Nations Security Council Official Record (SCOR) 1946, Vol. 1, pp. 174 -178 and 215.

arguing that any problem which represented a threat to world peace would 'clearly be within the competence' of the UN.[75] Accordingly, Edward Stettinius, the US Delegate to the UN, argued, on 11 February, that the talks in Batavia represented the best chance of avoiding further armed strife and he warned of the 'serious responsibility' which the UNSC would assume if it did anything 'which might prejudice or retard the outcome of (the) negotiations ....' For good measure, Stettinius accepted British good faith and argued that The Netherlands Government was being sincere in its attempts to solve its problems in the NEI on a liberal basis.[76] So, without challenging the competence of the UN to deal with matters like the situation in the NEI, Stettinius proposed that the UNSC should take no direct part in resolving the dispute in the NEI.

Despite the rejection of the Ukrainian complaint, which coincided with the breakdown of the talks in Batavia, the State Department was sufficiently alarmed by the Soviets' action to reassess its approach toward the developing world. Noting that work associated with the creation of the UN had diverted US attention away from relations with 'dependent areas', officials argued that 'the very existence of the United States' would be at stake if the Soviets replaced the European powers in their colonies. To counter this threat, they proposed that the US should use its 'moral prestige and economic power' to strengthen and stabilise the colonies and, '(a)t the same time, see to it that the legitimate political aspirations of dependent

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[75] State Department Memorandum (USGA/Gen/29), 26 Dec. 1945, FRUS 1946 VIII, pp. 787 - 89.

[76] SCOR 1946, Vol. 1, p. 236.

peoples are fulfilled.'[77] Whereas, in June 1945, the State Department had identified nationalism as a potentially destabilising force, it was now communism which posed a threat to the world balance of power. This threat seemed particularly acute in respect of the NEI, where the PKI had been re-established in January 1946[78] and whose nationalist movement was, on the basis of Soviet rhetoric at the UNSC, considered to be the target of a communist take-over.[79]

Negotiations were resuscitated, in March, after a personal initiative by van Mook, who presented to the Indonesians new proposals based on the creation, by the French, of the Indochinese Federation and a French Union. Van Mook's ideas, which were well-received in the US,[80] elicited significant concessions from the nationalists. They now sought only *de facto* recognition in Java and Sumatra, excluding areas under Allied control, and promised co-operation with the Dutch in setting up a federation. They also agreed to allow the deployment of Dutch troops on Allied tasks in the NEI. In recognition of the progress made, it was agreed to move the talks to The Netherlands and they reconvened, on 14 April, at Hoge Veluwe. However, with elections due, The Netherlands Government decided not to pursue van Mook's initiative. The Dutch refused to concede *de facto* recognition to the Republic in Sumatra and, as a result, the nationalists hardened their position.

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[77] NA; RG 59; Lot 54 D 190; Reel 6/39; "United States Policy with respect to the Decline of Western European Imperialism", Bagby to Gerig, 13 Mar. 1946.

[78] NA; RG 226; RABD; "Regular" Series, Box 380; File XL 34150 - 34176; "General Information", Report 34150, 4 Jan. 1946.

[79] Trygvie Lie, *In The Cause Of Peace*, (New York, 1954), p. 30.

[80] McMahon, *Colonialism And Cold War*, p. 123.

The unwillingness of the Dutch to negotiate until after their elections delayed any chance of progress until July, when the new Cabinet was sworn in.

Since December 1945, the Truman Administration had adopted an apparently even-handed approach to the Indonesian dispute by promoting a negotiated settlement. However, in reality, it was continuing to support the Dutch position in the NEI. After the breakdown of the Hoge Veluwe talks, American financial assistance to the NEI increased when a further $100 million credit, this time for the purchase of surplus property, was signed on 11 July 1946 and, on 15 August, the US Commercial Credit Corporation gave a $15 million credit line for the purchase of incentive goods.[81]

A more problematic issue for the Administration was the use, by the Dutch in the NEI, of American military supplies. US sensitivities had already been exposed by SEAC's reliance on Lend-Lease equipment and had resulted in the request to obliterate identifying insignia. However, the arrival of the US-trained Dutch marines in January 1946 and the large-scale influx of Dutch troops from March onwards raised the stakes considerably. The prospect of conflict between the European troops and the native population brought yet another dilemma for the Americans as they were forced to choose between their support for their allies and their public commitment to self-government. While military Lend-Lease supplies to the Dutch had been halted in August 1945, Washington was aware that Dutch

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[81] Acting Secretary of State to Foote, 1 Oct. 1946, FRUS 1946 VIII, pp. 845 - 46.

troops had been armed by the British with US-supplied weapons.[82] In March 1946, the State-War-Navy Coordinating Committee (SWNCC) considered America's role in arming the Dutch and confirmed the established policy of not supplying arms 'in cases which appear to relate directly to (the NEI)'. However, it recognised that once military equipment had been shipped to The Netherlands it would be 'extremely difficult' to prevent it from being transferred to the NEI. Despite US policy against supporting the forcible re-imposition of Dutch rule, the SWNCC concluded that it was in the 'interests of the US' that the Dutch be re-armed.[83] Washington's public policy of opposing the enforced restoration of Dutch rule has, therefore, to be viewed in the light of its acquiescence in the arming of the Dutch by the British and its own acceptance that military stores supplied for use by the Dutch in Europe might reach the NEI.

During the early part of 1946, Washington had begun to associate US interests in the NEI more closely with those of the Dutch and this changing emphasis was reflected in its willingness to give economic support and tacitly to accept the arming of the Dutch. This revised attitude was conditioned both by events at the UNSC and by the advice coming from Foote. The Consul-General, who had first arrived in the NEI in 1934, was extremely sympathetic towards the Dutch, believing that they would do more to protect US investments than the British and

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[82] NA; RG 226; Field Intelligence Reports, Box 21; 238; Beltz to Bluechell, 9 Dec. 1945. Evidence of the scale of British support can be found in HSTL; Truman Papers; NAF, Box 15; War Department Intelligence Review - February 1946; Intelligence Review, 26 Sept. 1946. See also *Hansard (Written Answers)*, 5 Dec. 1945 and 9 Apr. 1946 and PRO; FO 371/53789; Calthorpe (War Office) to Whitteridge (Foreign Office), 15 Jun. 1946.

[83] SWNCC 202/2: "Policy concerning Provision of US Government Supplies for Post-War Armed Forces of Foreign Nations", approved 21 Mar. 1946, FRUS 1946 I, pp. 1145 - 60.

reporting that Sjahrir's government was 'communistic'.[84] While the Truman Administration wanted to strengthen The Netherlands so that it could play its full part in the defence of Western Europe, it was prepared to accept that its military hardware might be diverted for use in the Indies. If Washington's economic aid to the NEI was a tangible sign of its desire to use its wealth to stabilise the NEI and promote a negotiated settlement, its attitude towards military supplies showed a willingness to provide the Dutch with a military option should talks fail.

Although Washington had gone to great lengths to ensure that it did not become associated with British actions in the NEI, it did not succeed in gaining immunity from criticism for its attitude towards the nationalists. In mid-April, Representative Ellis Patterson criticised the use of Japanese troops by the British, urging the Administration to give its support to the nationalists and calling for a UNSC investigation of the situation in the NEI.[85] Now, perhaps for the first time, the Administration was being required to account for its policy towards the NEI and to square it with domestic anti-colonial opinion.

In response to Patterson's resolution, Byrnes welcomed the 'opportunity to set the record straight' about a Government policy which, he said, had 'frequently been misunderstood, if not actually misinterpreted.' However, while he pointed out that the US recognised Dutch sovereignty in the NEI and that the British were acting on

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[84] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6449; Foote to the Secretary of State, 20 Jun. 1946. Foote to the Secretary of State, 8 Feb. 1946, FRUS 1946 VIII, p. 806.

[85] Library of Congress (LoC); 79th Congress House Resolutions (Fiche 19); House Resolution 603, 18 Apr. 1946. The resolution was referred to the House Committee for Foreign Affairs.

behalf of the Allies, he also minimised the extent of US complicity. Answering accusations that not enough was being done to remove the Japanese troops, he said that this was a matter for the British and the Dutch and neglected to mention MacArthur's overall control of the repatriation programme. Byrnes also repeated the assertion that the US had not been supplying weapons for use in the NEI despite knowing that US-manufactured weapons were being supplied by the British and that the SWNCC thought that arms given to the Dutch might be diverted there. Finally, responding to concerns about the use of Japanese troops, Byrnes gave a sanitised account of their role. While he said that they were involved in protecting prisoners of war and internees, keeping lines of communication open and supplying food and medicine to those in need, he avoided drawing attention to the fact that armed Japanese troops were protecting American investments in Sumatra.[86]

Byrnes massaged information in order to present US policy in the best possible light. Having no option but to acknowledge Dutch sovereignty, he set about minimising the extent of US involvement in the NEI by emphasising the role of its surrogate, the UK. Unpalatable information was also withheld in order to contain domestic opposition. Ultimately, he had to resist any pressure which might weaken the Administration's ability to support the Dutch since they were essential to the achievement of US objectives in the NEI. By eschewing open involvement in the NEI, Byrnes tied the US yet more firmly to British success or failure. While a satisfactory settlement would vindicate US tactics of concentrating its efforts

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[86] Secretary of State to the Chairman of the House Committee of Foreign Affairs (Sol Bloom), 24 May 1946, FRUS 1946 VIII, pp. 822 - 25.

elsewhere, any outbreak of generalised hostilities, which it was assumed the Allies could not win, risked leaving the Administration open to charges that it had not done enough to protect US interests in the colony.

Congressional disquiet was not the only problem facing the Administration's efforts to keep its policies out of the public gaze. In early May, Dr Raymond Kennedy, a former special consultant to both the State Department and the OSS, launched a vitriolic attack on the Truman Administration's policy towards the NEI. Arguing that America's 'hands off' policy was being pursued in 'the hope that all will turn out well', he said that the US distrusted revolutions and operated a double-standard when it came to supporting democracy for coloured peoples at home and abroad.[87] His criticism of US inaction was reflected by Captain Joseph Smith, a SSU agent who had served in Sumatra. Briefing the State Department in mid-May, he urged the Administration to take advantage of the high prestige which the US enjoyed to make a decisive commitment to the nationalists or risk Russian subversion of the independence movement.[88]

While the Truman Administration downplayed, for domestic consumption, its influence over events in the NEI, it was prepared to take action to defend US interests when occasion demanded. By May 1946, the British were tiring of their involvement in the NEI. In addition to the hiatus in the negotiations, SEAC was facing increased opposition from the Government of India to the use of Indian

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[87] *The New York Times*, 5 May 1946.

[88] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6449; Memorandum of Conversation by William Lacy of a meeting with Capt. Smith, 15 May 1946.

regiments in the NEI. Continuing violence was resulting in casualties and the newly-arrived Dutch troops were provoking the Indonesians[89] - the British were worried that they were spoiling for a fight with the nationalists. Crucially, at a time of severe hardship at home, the cost of the occupation was being borne by the British taxpayer.[90] On 3 May, Mountbatten cabled London for advice on future occupation policy in Sumatra. He informed the Government that SEAC's military tasks could be completed with the final evacuation of the Japanese troops by the end of June 1946 and that British troops could be withdrawn by the end of July. He pointed out that, if it were decided that the oil installations were to be guarded, he would require either the retention of the 24,000 Japanese troops who had been protecting them since October 1945 or sixteen additional battalions to replace them.[91] Mountbatten's recommendation to terminate the occupation of Sumatra was supported by the Chiefs of Staff, who believed that the 'only justification for remaining ... would be on political and economic grounds'.[92] The Foreign Office was, however, against any withdrawal because it feared that anarchy would result and that the UK's economic interests would be jeopardised.[93]

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[89] Mountbatten Archive; File MB1/C213; Christison to Admiral C. E. Helfrich, Commander of the Netherlands armed forces in the NEI, 7 Jan. 1946.

[90] PRO; FO 371/46353; Dening to Sterndale Bennett, 5 Oct. 1945.

[91] PRO; CAB 105/163; SEACOS 689, SACSEA to Cabinet Offices, 3 May 1946.

[92] PRO; FO 371/53795; J P (46) 93 (Revised Final), Minutes of the Meeting of the Chiefs of Staff Committee, 27 May 1946.

[93] PRO; FO 371/53792; "Sumatra : Draft Paper for the Defence Committee", by Wilson-Young, 12 May 1946.

The debate in Whitehall was not, however, conducted in isolation. The British had been careful to keep the Americans informed about developments in Sumatra. In late February 1946, they had assured Washington's agents that the Japanese would remain stationed 'at critical points'.[94] The Americans were well aware that this meant that US-owned refineries were being guarded by the Japanese.[95] However, Mountbatten's proposal to withdraw British, Indian and Japanese forces caused consternation in Washington. On 15 May, Smith told State Department officials that the Japanese 'guards' had a very important role and that, if they were withdrawn, extremists would destroy all foreign property, including the American refineries.[96] In response to the threat that the oil installations would be left unprotected, Foote made strong representations to SEAC that they should continue to be guarded.[97]

The American representations reached London at a time when the British were considering the ramifications of leaving Sumatra. Bevin was especially concerned at the prospect of the British oil refinery and the coalfields at Palembang, in southern Sumatra, not being guarded.[98] However, if the American

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[94] NA; RG 226; RABD; "Regular" Series, Box 421; XL 41700 - XL 41716; "Military and Political Information", Report XL 42707, 21/22 Feb. 1946.

[95] BUL; OSS/State IR Reports : Postwar Japan, Korea and Southeast Asia; Department of State Office of Research and Intelligence (ORI) Report 3470; "Sumatra In The Indonesian Crisis", 20 May 1946.

[96] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6449; Memorandum of Conversation by Lacy, 15 May 1946.

[97] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6449, Acheson to Foote, 17 May 1946. PRO; CAB 105/163; SEACOS 701, SACSEA to Cabinet Offices, 24 May 1946.

[98] PRO; FO 371/53796; Bevin to the Defence Committee, 28 May 1946.

installations were also to be guarded, the British knew that extra Allied troops would be required to replace the Japanese soldiers whose use Bevin could no longer justify on political grounds.[99] On 3 June, it was decided that British troops would be retained in Sumatra until November 1946, at the latest. It had already been agreed that British troops would remain in Java and it was expected that enough Dutch troops would arrive by June to allow the Japanese to leave without compromising security of the RDS refinery at Palembang.[100] The British decision meant, however, that the American oilfields and refineries near Palembang and Medan, in the north, would have their SEAC guards withdrawn.

It was not long, however, before this decision was overtaken by events. On 12 June, Washington asked Averell Harriman, its Ambassador in London, to clarify whether the Dutch or the British would be responsible for protecting US oil refineries in Sumatra.[101] The next day Harriman said that while no final decision had been taken in London, it was expected that the Dutch would assume responsibility for areas handed over to them.[102] Almost simultaneously with the arrival of this news, the State Department discovered that the Dutch would not be able to put troops into Sumatra and that all US and other foreign interests would

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[99] PRO; CAB 105/163; SEACOS 701, SACSEA to Cabinet Offices, 24 May 1946 and FO 371/53796; Bevin to the Defence Committee, 28 May 1946.

[100] PRO; FO 371/53796; D.O. (46) 18, Minutes of the Defence Committee, 3 Jun. 1946 and FO 371/57397; C.O.S. (46) 160 (O), "Evacuation of Sumatra", Memorandum to C.O.S. Committee by War Office, 10 Jun. 1946.

[101] Secretary of State to Averill Harriman, 12 Jun. 1946, FRUS 1946 VIII, pp 826 - 27.

[102] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6449; Harriman to the Secretary of State, 13 Jun. 1946.

not be protected if the British withdrew.[103] Harriman's approach to the Foreign Office resulted in a decision to give protection to the Stanvac refinery at Palembang. The British also concluded that political necessity required the continued garrisoning of Medan,[104] which made it hard to resist pressure to protect the nearby Caltex oilfield. The ability of the British to fulfil their commitments without additional resources worried the State Department[105] and, in the absence of Dutch replacements, the Japanese continued to guard the American refineries.[106]

With the installation of the new Dutch Cabinet under Prime Minister Louis Beel, both the US and the UK made further efforts to re-start negotiations. On 5 August, Stanley Hornbeck, the US Ambassador to The Hague, advised The Netherlands' Government of Washington's concern over the lack of progress made towards finding a solution and its worry that the Soviets might refer the matter back to the UNSC to embarrass the Allies.[107] Ten days later, Acheson and Hickerson reinforced the point when they met Loudon. Explaining that they were both friends of The Netherlands, they told the Dutch Ambassador that the Dutch were 'on a bad wicket' and that they should take 'some constructive action' to prevent the return of

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[103] Hornbeck to the Secretary of State, 12 Jun. 1946, FRUS 1946 VIII, pp. 827 - 28.

[104] PRO; FO 371/57397; "Evacuation of Sumatra", memorandum by the South East Asia Department, Foreign Office, 13 Jun. 1946.

[105] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6449; Acheson to Foote, 19 Jun. 1946.

[106] PRO; FO 371/53798; SACSEA to Cabinet Offices, 14 Jul. 1946. The last Japanese left Medan at the end of October and Palembang on 19 November 1946, when they and the British were relieved by Dutch troops .

[107] Acting Secretary of State to Hornbeck, 5 Aug. 1946, FRUS 1946 VIII, p. 840.

the NEI issue to the UNSC.[108] Also, in August, the British appointed Lord Killearn to replace Clark Kerr, who had gone to Washington as Ambassador. He immediately impressed on the Dutch and the Indonesians the imminence of the British withdrawal and urged them to resume talks.[109] The efforts were successful and, on 7 October, discussions resumed under Killearn's chairmanship. Quick progress was made with the Dutch conceding Republican sovereignty over Sumatra and, on 14 October, a truce agreement was reached. The negotiations moved from Batavia to Linggadjati where, on 15 November, a draft agreement was signed by the Dutch and the Republic of Indonesia.

The Linggadjati Agreement seemed to vindicate the Anglo-American strategy for resolving the dispute in Indonesia. It committed The Netherlands and the Republic to co-operate in the creation, by 1 January 1949, of an independent, federal United States of Indonesia (USI) and a Netherlands-Indonesian Union (NIU) to be headed by the Dutch monarch. The Agreement also included a provision for arbitration where disputes could not be settled by joint consultation. The Dutch recognised the Republic's *de facto* jurisdiction over Java, Sumatra and Madura and it was agreed that the USI would eventually comprise a federation of the Republic, Borneo and East Indonesia. It was acknowledged, however, that the Agreement needed to be fleshed out. The most crucial area in which the Linggadjati Agreement needed clarification concerned the relationship between The Netherlands and the Republic during the transitional period before

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[108] NA; RG 59; DF 1945 - 1949, 856D.00, Box 6439; Memorandum of Conversation by Acheson and Hickerson of a meeting with Loudon, 15 Aug. 1946.

[109] McMahon, *Colonialism And Cold War*, p. 130.

independence. The Republic's *de facto* authority in Java, Sumatra and Madura made the exercise of The Netherlands' sovereignty in those areas problematical because the Republic considered itself to be an independent state with responsibility for its own defence and foreign affairs whereas the Linggadjati Agreement laid these functions to the NIU. The question of how matters such as these would be handled in the interim was not covered by the Agreement and seemed certain to provoke discord.

Washington was, however, optimistic about the prospects of a harmonious outcome. Hickerson and Vincent viewed the Agreement as a 'workable compromise' and argued that it was a vindication of the Administration's belief that the Dutch could be relied upon to reach a 'stable and equitable' settlement, which they thought was close. They expected that further negotiations would clarify its vague areas and, fearing that any delay would be exploited by the communists, hoped that it would quickly be ratified.[110] Only Foote sounded a discordant note, predicting that, with the exception of a small group of moderates, most Indonesians would not keep to the Agreement.[111] The Dutch were not enthusiastic about future prospects either. They believed that the Agreement's vagueness might lead the Indonesians to make extreme demands which could, ultimately, result in the loss of the NEI.[112] Many Dutch saw the Agreement as a

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[110] NA; RG 59; DF 1945 - 1949, 856D.00, Box 6439; Hickerson and Vincent to Acheson, 27 Nov. 1946.

[111] Foote to the Secretary of State, 2 Dec. 1946, FRUS 1946 VIII, pp. 886 - 888.

[112] Memorandum of Conversation by Acheson of a meeting with Loudon, 27 Nov. 1946, FRUS 1946 VIII, pp. 855 - 56.

capitulation to the Republic which completely omitted to represent The Netherlands' interests, particularly, its future economic and financial interests in the NEI.[113] On the other hand, Linggadjati had compromised the Republic's demand for immediate independence for the whole NEI and left its Government vulnerable to radical opinion. Sukarno, however, feared that the Republic might collapse if the Dutch were provoked into taking military action in the absence of a settlement.[114]

Despite the doubts about the Agreement and the criticisms of the Administration's policy, it seemed that Washington's strategy had paid off. The British had undertaken the unpleasant military task of re-occupying the NEI and had, with discreet help from Washington, brokered a settlement between the Dutch and the Indonesians. In the fifteen months since the end of the war, the US had pursued policies which favoured the Dutch and had felt more justified in doing so by the emergence of the USSR as a perceived threat to Western hegemony in the NEI. The Linggadjati Agreement allowed Washington to argue that Dutch sovereignty in the NEI had been restored without resort to force and that it had not abandoned its wish to see an independent Indonesia. To be sure, the Truman Administration's policy of maintaining distance between itself and the dispute had aroused hostility in some quarters and it had been forced publicly to be less accommodating to the nationalists than it might have liked. Nevertheless, as 1946 came to a close, Washington felt able to express its 'gratification' at the success of

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[113] Gerbrandy, *Indonesia*, p. 142.

[114] Holland, *European Decolonization*, p. 88.

the Dutch-Indonesian talks in what was only its second public statement on the dispute.[115] However, as Hickerson and Vincent had pointed out, a final settlement had not yet been reached and Washington was now heavily reliant on the Dutch, now unrestrained by the British, to oversee the transition to independence in the NEI.

At the end of November, the British finally withdrew from Java and Sumatra with a certain amount of satisfaction at the successful conclusion of the draft treaty. Their feelings were shared by the US. Aside from the completion of the post-surrender tasks, the Dutch had been re-instated and it seemed as if a settlement had been reached with the nationalists. Since September 1945, the US had been content to hide behind the British, who had acted as the Administration's agent in the NEI, while quietly supporting The Netherlands' Government against the nationalists. It had only reluctantly made public pronouncements about the situation in the NEI and its recognition of Dutch sovereignty. While giving diplomatic, economic and military aid to the Dutch, the Administration had tried to cultivate an image of impartiality by balancing Dutch and nationalist claims. The conclusion of the Linggadjati Agreement offered the prospect that the Dutch and the Indonesians would reach a solution which would obviate the need for direct US involvement and, with it, preserve America's credibility as an anti-colonial power.

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[115] United States Press Statement, 17 Dec. 1946; DSB Vol. XV, Number 391, 29 Dec. 1946.

3. The Dutch Agenda Prevails (December 1946 - December 1948)

If the Truman Administration believed that that the Linggadjati Agreement would lead to a swift settlement between The Netherlands and the Republic, thus obviating close American involvement in the dispute, its optimism was misplaced. As the Dutch implemented their plans for the NEI's future, relations with the nationalists worsened and their imposition of a trade embargo on the Republic challenged US hopes of the NEI's speedy re-integration into the world economy. With the situation deteriorating, the US was forced to take a more active role in the search for a solution to the dispute. Washington's friendship with The Hague was tested as, twice, it sought to prevent the use of military measures against the Republic. The Administration was also confronted by the need to reconcile its pro-Dutch stance with the policies of regional powers, like Australia, which supported Indonesian independence. As Washington's specific interest in the NEI became increasingly subsumed in its general concern about the advance of communism in Asia, the State Department continued to encourage bilateral negotiations between the Dutch and the Republic as the best way to resolve the issue. However, by December 1948, the Americans had failed to restrain the Dutch in their quest to eliminate the Republic and the Indonesian dispute had become an international embarrassment for the US.

The closeness of Washington's friendship with The Hague led the Administration to ignore signs of Dutch hostility towards the Republic of Indonesia. During 1946, The Netherlands Government had begun to develop a

parallel strategy for the NEI which relied on organising the areas outside the control of the Republic in support of its cause. In July and October, at the Malino and Pangkalpinang Conferences, the Dutch and non-Republican Indonesians had laid the groundwork for the future federal structure of Indonesia. By this time, The Netherlands had reasserted its authority in the areas of the NEI outside the Republic and, although these were the least populated and were relatively unimportant economically, had set about promoting them as counterweights to the Republic. In the State Department, the Dutch initiative was seen as a 'constructive step' but not necessarily one which would hasten agreement with the Republic.[1] Nevertheless, the Dutch persisted with their plans, in spite of their agreement to co-operate with the Republic, and, in December, unilaterally created the state of East Indonesia, an action which provoked the normally docile Consul-General Foote to warn Washington of the dangers of Dutch policy.[2]

The Dutch threat to the Linggadjati Agreement extended beyond building up its own position. In a foretaste of its attitude towards the Republic, the Dutch Government showed that it did not intend to use the accord as a basis for co-operation and eventual agreement. On 10 December 1946, the Dutch Cabinet approved Linggadjati but did so conditionally. It sought assurances that the Netherlands-Indonesian Union would be an effective one and that the Kingdom of the Netherlands would have sovereignty over the NEI during the transitional

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[1] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6449; Moffat to Vincent, 13 Aug. 1946.

[2] Foote to the Secretary of State, 13 Jan. 1947, FRUS 1947 VI, p. 893. In addition to East Indonesia, Borneo was the other state to be included with the Republic in the USI.

period, thus denying the Republic its international status.[3] This interpretation of Linggadjati was an attempt to reduce the standing of the Republic, which had governed Java, Sumatra and Madura since August 1945, and to ensure that the Dutch continued to wield political influence in an independent Indonesia. The Republic had a government and fledgling bureaucracy, an army, and had dealt with foreign powers, not least the UK and the US and it was hardly surprising that, when discussions on the implementation of Linggadjati began, the Republic rejected the Dutch conditions.

On 29 January, events took a new twist as The Netherlands Government introduced regulations under which all trade with the Republic had to be licensed by the Dutch authorities. Although The Hague said that the measures were designed to protect Dutch and foreign interests, a State Department analysis viewed them as a bid to deny the Republic its economic independence. The regulations were also a challenge to American open-door trading policies and threatened US plans for the recovery of capitalism by preventing the export of much-needed commodities.[4] The Truman Administration had seen the Linggadjati Agreement as presenting an opportunity for the rapid rehabilitation of the NEI's economy and the normalisation of trading relationships between the colony and the rest of the world but the embargo indicated that Dutch had different priorities. As a measure of the State Department's displeasure, it urged the Dutch to reconsider the regulations and

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[3] Gerbrandy, *Indonesia*, p. 143.

[4] BUL; OSS/State IR Reports : Postwar Japan, Korea and Southeast Asia; Department of State Intelligence Memorandum 3436.87, "Implications of the Netherlands Indies Government Trade Decrees of January 29, 1947", 24 Feb. 1947.

reminded The Hague of the 'broader consequences (of its) policies ... in relation to early political and economic world stabilization'.[5] Four days after Washington's representations, on 7 March, Dutch marines boarded the *Martin Behrmann*, a US-registered freighter, and confiscated its cargo of rubber and sugar in what amounted to a snub to the US. The incident led to a public outcry in the US but the Dutch brushed off the Administration's complaints about the trade regulations and the *Martin Behrmann* incident. The State Department's failure to get redress exposed the weakness of Washington's position, which was based on the Dutch authorities' right to take the action that they had.[6]

In the early months of 1947, the State Department concentrated its efforts on the economic front and avoided involvement in the political negotiations between the Dutch and the Indonesians.[7] Analysts at Foggy Bottom believed that any political settlement arising out of the Linggadjati Agreement would not deliver an independent Indonesia for at least two years but that the restoration of trade links and the economic rehabilitation of the NEI were immediate necessities. The State Department was, therefore, keen to disburse funds for reconstruction in the NEI[8] and, in January, had underwritten the construction of two dredges worth $40

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[5] Secretary of State to the Embassy in The Netherlands, 3 Mar. 1947, FRUS 1947 VI, pp. 899 - 900.

[6] *DSB.*, Vol. XVI, Number 407, 20 Apr. 1947. Acting Secretary of State to the Embassy in The Netherlands, 8 Mar. 1947, FRUS 1947 VI, pp. 900 - 04.

[7] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6450; "United States Policies - Indonesia", Vincent to Norman Armour, 9 Jul. 1947.

[8] BUL; OSS/State IR Reports : Postwar Japan, Korea and Southeast Asia; Department of State Intelligence Memorandum 3436.89, "Analysis of Possible US Attitudes in the Impending Dutch-American Talks Concerning Economic Aid To Indonesia", 24 Feb. 1947.

million to aid the revival of the tin industry and to secure tin supplies for the US.[9] The Dutch were ready to accept Washington's largesse but were also intent on exercising their sovereignty over the NEI. By 25 March, when the Dutch and the Indonesians finally signed the Linggadjati Agreement without having resolved their differences over its meaning, the Administration faced a situation in which there was every possibility that a political settlement would be hard to reach and that, until one had been agreed, its plans for the re-integration of the NEI into the world economy would be jeopardised.[10]

The signing of the Linggadjati Agreement did, however, give fresh impetus to proceedings as talks resumed between the Dutch and the Indonesians and, on 3 April, the Truman Administration extended *de facto* recognition to the Republic. With the political talks restarted, the priority of American policy was to stabilise the Republic's government with economic aid, accepting as it did Dutch sovereignty. The Administration was, in fact, confident that there was little prospect of the talks being derailed. The State Department saw no appreciable communist threat to the Republic and argued that US economic assistance would, in any case, eliminate conditions which could be exploited by the communists.[11] American military intelligence also believed that the Dutch would not resort to force to influence the negotiations.[12] However, it soon became clear that progress

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[9] *The New York Times*, 7 Jan. 1947.

[10] HSTL; Truman Papers, NAF, Box 19; War Department Intelligence Review - April 1947; War Department Intelligence Review, 3 Apr. 1947.

[11] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6449; Hugh Cumming and Moffat to Hickerson and Vincent, 17 Apr. 1947.

[12] HSTL; Truman Papers, NAF, Box 19; War Department Intelligence Review - April 1947; War Department Intelligence Review, 3 Apr. 1947.

was not going to be easy and, by early May, the talks had become deadlocked. Herman Baruch, the American Ambassador at The Hague, advised Washington that the fault lay with the Republic, which he said was stalling for time in the hope that The Netherlands would either withdraw from the NEI or take military action which would be unpopular in the US. Meanwhile, Lewis Douglas, Truman's Ambassador in London, reported that the Dutch were making contingency plans for the possible failure of the Linggadjati Agreement and were contemplating either withdrawal from the NEI, military action or the appointment of a mediator, such as the US.[13]

Coming so closely after Truman's declaration, in March 1947, that the whole world was a battleground between the forces of communism and the democratic world, the possibility of conflict in the NEI caused his Administration to pay more attention to the situation there. Secretary of State George Marshall instructed Baruch to remind The Hague of Washington's belief that the best way of securing the long-term allegiance of Asian nationalists would be by reaching peacefully negotiated settlements with them. Marshall emphasised that, in the NEI, the key to success would be to bolster the moderate elements of the Republic's government and that the 'essential first step' in this process was economic stabilisation.[14] Washington's pre-occupation with economic issues not only reflected its own

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[13] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6449; Ambassador in The Netherlands (Herman Baruch) to the Secretary of State, 10 May 1947 and Ambassador in the United Kingdom (Lewis Douglas) to the Secretary of State, 21 May 1947, FRUS 1947 VI, pp. 927 - 29.

[14] George Marshall to Baruch, 16 May 1947, FRUS 1947 VI, pp. 924 - 26.

priorities but also its presumption that an agreement on economic issues would stimulate advances in political and military areas.

The Administration's efforts to secure a peaceful solution seemed to have been rewarded when The Netherlands Government made new proposals for the implementation of the Linggadjati Agreement, on 27 May. However, the State Department's failure to understand The Hague's determination to dictate a settlement led it to overestimate the success of its diplomatic efforts to prevent hostilities. Under the new plan, The Netherlands would retain sovereignty over the NEI until 1 January 1949 and an interim federal government, dominated by the Dutch and their Indonesian allies, was to rule the colony until independence. Aimed at reducing the status of the Republic within the future USI, the proposals made the interim government responsible for foreign relations and law and order, having at its disposal a joint police force. The Hague gave the Republic two weeks in which to reply.[15] The British Government quickly offered its support to the Dutch initiative and the State Department, while worried about the Dutch ultimatum, saw an opportunity to make a 'decisive' impact in the search for a settlement. Noting that the balance of power in the interim government would rest with the Dutch, Freeman Matthews, Director of the Office of European Affairs, and John Carter Vincent, his opposite number in the Office of Far Eastern Affairs, advised Undersecretary of State Acheson it was unlikely that the Republic would accept the plan unless the US exerted pressure on it to do so. They asked that

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[15] McMahon, *Colonialism And Cold War*, p. 160.

pressure be brought to bear on the Republic to negotiate with the Dutch on the basis of the 27 May proposals, a recommendation Acheson accepted.[16]

The American intervention increased the problems faced by Sutan Sjahrir, the Republic's Prime Minister. Now aware that he could expect little help from Washington, he struggled to avoid war while, at the same time, trying to maintain his support in the Republic. On 20 June, he finally accepted The Netherlands' *de jure* sovereignty as well as its proposed interim government but the Dutch rejected this compromise and it was also disowned by Sjahrir's supporters, prompting his resignation, on 27 June.[17] In an effort to prevent a collapse in the talks, the State Department put further pressure on the Republic in the form of an *aide-mémoire* which supported Dutch sovereignty in the period before independence and urged the formation of an interim government. As an inducement to the Republic, Washington held out the prospect of financial assistance for Indonesia after the interim government had established with their agreement.[18]

The State Department's *aide-mémoire* left the clear impression that the US was acting on behalf of the Dutch. The Australian Minister of External Affairs, Herbert Evatt, complained that, as a result of Washington's demonstrable willingness to put pressure on the Republic, the Dutch could be expected to seek

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[16] NA; RG 59; DF 1945 - 1949, 856D.00, Box 6439, Matthews and Vincent to Acheson, 5 Jun. 1947. Acheson to Foote, 5 Jun. 1947, FRUS 1947 VI pp. 941 - 42.

[17] McMahon, *Colonialism And Cold War*, pp. 162 - 63.

[18] Marshall to Foote, 26 Jun. 1947, FRUS 1947 VI, pp. 959 - 60.

US support whenever a crisis threatened.[19] The Dutch negotiating position certainly seemed to have been strengthened by events as the Republicans, weakened by Sjahrir's resignation and led by new Prime Minister, Amir Sjarifudden, accepted all the Dutch demands, including the creation of a joint gendarmerie. However, the Republican Cabinet rejected the outcome of the negotiations and, in a final effort to avoid hostilities, the Truman Administration reminded The Hague of the instability which would be caused by their use of military force.[20] The US attempt to halt military action did not take account of the extent to which the Dutch were committed to their own plans for the NEI. Just as the 27 May proposals had not been intended, as Washington had thought, as a basis for negotiation, so the Dutch were not willing to step back from the brink. On 21 July, Dutch troops attacked the Republic in what was termed a "police action", signalling the rejection of American diplomacy by the Dutch.

Despite the Administration's opposition to the use of force, the Dutch military operation was not unexpected and had clear attractions for Washington. On 6 June, H. F. Van Vredenburch, the Head of the Directorate of Political Affairs in Holland, had made clear to Acheson The Hague's intention to use the action to secure control over export commodities and immediate evidence of this was available as the Dutch captured the Stanvac oil refinery near Palembang.[21] In private briefings

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[19] Flinders University Library (FUL); Evatt Collection; Cables - London 1947 - 1948; Department of External Affairs (DEA) to the Secretary of State for Commonwealth Relations, 16 Jul. 1947.

[20] Foote to Secretary of State, 15 Jul. 1947 and Secretary of State to Foote, 17 Jul. 1947. FRUS 1947 VI, pp. 976 - 78.

[21] Memorandum of Conversation by Alexander Schnee, of a meeting between Acheson, van Vredenburch, Hickerson and Loudon, 6 Jun. 1947, FRUS 1947 VI, pp. 942 - 45. *The New York Times*, 25 Jul. 1947.

for Baruch, Baron van Boetzelaer, the Dutch Foreign Minister, stressed that The Netherlands' financial position, and the need to restore law and order, had left it no alternative but to take military action.[22] The Dutch were also careful to re-assure Washington that they remained committed to reaching a settlement based on the Linggadjati Agreement. Indeed, they made it clear that they did not intend to liquidate the Republic completely so as to give its leaders another chance to negotiate.[23] Foote's enthusiasm must also have encouraged the Dutch to think that the US response to the "police action" would not be unduly harsh. Before the "police action" he had advised Washington that Dutch military action would be 'necessary to restore law and order *whether or not* (the) Indo(nesian)s accept Dutch terms'[24] and, after the attack had begun he urged the Dutch to capture the Republic's capital, Yogjakarta.[25] In fact, Foote's dealings with the Dutch had given them the impression that the Administration's policy of opposing a violent solution was designed for public consumption only and that it would, in fact, support the use of force if that resolved matters quickly.[26]

While the American Consul-General was undoubtedly misrepresenting US policy, his government did not rush to condemn the Dutch action. On 24 July, Matthews recommended to Marshall that, when he met the new Dutch

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[22] Baruch to the Secretary of State, 20 Jul. 1947, FRUS 1947 VI, pp. 982 - 83.

[23] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6450; Baruch to the Secretary of State, 26 Jul. 1947.

[24] Foote to the Secretary of State, 4 Jul. 1947, FRUS 1947 VI, pp. 970 - 71.

[25] Interview with members of the Veriniging Oud Militairen Indiëgangers, Utrecht, 23 Apr. 1997. Yogjakarta became the Republic's capital after the return of the Dutch.

[26] PRO; FO 371/63601; Mitcheson to the Foreign Office, 27 Jun. 1947.

Ambassador, Eelco van Kleffens, later that day, he should let van Kleffens know that the US retained the 'friendliest feelings' for The Netherlands. He also proposed that Marshall should indicate US preparedness to help it in 'establishing a friendly basis' for any discussion of the Indonesian situation at the UNSC, if necessary by putting down for debate a resolution of its own.[27] Washington's response to the "police action" revealed the shift which had occurred in its approach to decolonisation. Since the end of the war, US policy had become increasingly oriented towards the defence of Europe and this emphasis had become greater since the announcement of the Truman Doctrine and the European Recovery Program (ERP). No longer did the aspirations of nationalists feature so prominently in Washington's approach to decolonisation which was, in Indonesia's case, 'conditioned by (the Administration's) attitudes towards ... Holland.'[28] In fact, the Truman Administration regarded The Netherlands a 'one of the most stable factors' in Europe and had pledged itself to maintain and strengthen the Dutch Government and crucial to this project was the restoration of the economic links between the NEI and the metropolitan power.[29] Washington's stance was underlined a few days after the "police action" began, when the SWNCC ranked The Netherlands fifth in terms of its importance to US national security.[30]

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[27] NA; RG 59; DF 1945 - 1949, 856D.00, Box 6439; Matthews to the Secretary of State, 24 Jul. 1947. Memorandum of Conversation by Morgan of a meeting between Marshall and Eelco van Kleffens, 24 Jul. 1947, FRUS 1947 VI, p. 992.

[28] NA; RG 59; Lot 54 D 190; Reel 6/39; "Proposed Public Position of the United States with respect to Nationalist Movements in Colonial Dependencies", Landon to Davies, 6 Aug. 1947.

[29] BUL; OSS/State IR Reports : Postwar Japan, Korea and Southeast Asia; Department of State Intelligence Report 4446, "Analysis of the Current Political and Economic Situation in the Netherlands", 31 Jul. 1947.

[30] "Policies, Procedures and Costs of Assistance by the United States to Foreign Countries", JCS 1769/1 circulated as SWNCC 360/1, 12 May 1947. SWNCC 360 as amended by SWNCC 360/1 was noted on 23 July 1947, FRUS 1947 I, pp. 734 - 50.

Complementing the State Department's Eurocentric approach, was Foote's antagonism towards the nationalists. Ever since his return to Batavia, Foote had submitted hostile reports which depicted moderates being dictated to by extremists and emphasised his - and the Dutch - view that the nationalists could not be trusted to abide by agreements.

The Administration's sympathetic attitude towards The Netherlands did not go unchallenged and its ability to deflect criticism away from The Hague was restricted, especially by the international opposition to military action. Within the State Department itself, there was a recognition that American policy had failed the people of Indonesia and a belief that Washington had 'tacitly encouraged' Dutch military action.[31] The Administration also came under fire when it was shown that the Dutch had been using American weaponry, including fighter aircraft and bombers, against the nationalists.[32] However, the biggest problem for the State Department was the international outcry which the "police action" provoked, as both Australia and India threatened to refer the matter to the UNSC.

The Australian Government was particularly concerned about the impact of the Dutch military action in the NEI, which was of great strategic interest to Canberra. Before World War II, Australia had, along with the NEI, been part of what had appeared to be a politically stable region dominated by powerful

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[31] NA; RG 59; Lot 54 D 190; Reel 6/39; "Proposed Public Position of the United States with respect to Nationalist Movements in Colonial Dependencies", Landon to Davies, 6 Aug. 1947.

[32] *The New York Times*, 22 Jul. 1947. On 26 July 1947, Senator Chavez raised the matter in Congress (see LoC; US Congressional Record - 80th Congress, Session 1, 1947).

European nations. However, the Japanese defeat of the colonial powers had altered radically Australian perceptions, which, after the war, saw the NEI as a vital barrier against invasion from the north. Australian politicians, like Evatt, doubted the ability of the Europeans, and especially the Dutch, to guarantee their country's security and also had to consider the potential threat to Australian security posed by its highly populous neighbour.[33] As a result, they began to elucidate a distinctively Australian foreign policy which identified an Australian national interest in securing a stable and friendly Indonesia. Accordingly, Canberra had taken an accommodating view of Indonesian nationalism and, by mid-1947, was a keen supporter of Indonesian independence.[34] The reasons behind India's championing of the Republic were less complex, being based on its own colonial past and the wish of Pandit Nehru, its Prime Minister, to carve out a world role for independent Asian states.

The State Department thus found itself in conflict with the Australian and Indian Governments over how to respond to the "police action". It did not agree with their assessment that events in the NEI constituted a threat to world peace and preferred to portray Canberra's interest as a product of Evatt's personal ambition to project himself as an international statesman rather than as an expression of Australian policy.[35] However, Canberra's potential for diplomatic involvement in

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[33] For an account of Australian relations with the NEI and Indonesia, see Margaret George, *Australia And The Indonesian Revolution.*

[34] Interview with Thomas Critchley, Sydney, 12 Sept. 1996.

[35] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6450; Memorandum of Conversation by Robert Lovett of a meeting with Norman Makin (Australian Ambassador), 5 Aug. 1947.

the issue could not be ignored and Nehru's complaint that US inaction was creating a 'most unfortunate impression' in Asia and with Moslem countries worried Henry Villard, the Director of the Office of Near Eastern and African Affairs, so much so that he advised the Administration to take the initiative in involving the UN in order to mitigate the situation.[36]

The State Department was not, however, keen to involve the UN as it wanted to prevent the Soviets from taking advantage of the situation and so it joined with the British, who shared its viewpoint, in an effort to forestall a reference to the Security Council. In an attempt to bring the Dutch and the Indonesians together, and with Washington's agreement, the British Government offered its "good offices" to both parties. However, the Dutch rejection of London's offer exposed the limits of the Administration's willingness to pressurise The Hague as Marshall rejected a British proposal that London and Washington should induce the Dutch to accept arbitration.[37] In taking this approach, the Secretary of State acknowledged the Administration's unspoken support for the "police action" and effectively signalled Washington's abandonment of the Linggadjati process since the Agreement had specifically provided for arbitration in the event of disputes being unresolved after bilateral negotiation. The Dutch had broken the Agreement in mounting their military action and now Washington had accepted that Linggadjati was a dead-letter. Washington's rejection of arbitration also left the problem of what to do next.

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[36] Henry Villard to Charles Bohlen, 29 Jul. 1947, FRUS 1947 VI, pp. 994 - 96.

[37] British *aide-mémoire* given to Lovett, 24 Jul. 1947, FRUS VI 1947, pp. 987 - 89. NA; RG 59; DF 1945 - 1949, 856E.00, Box 6450; Marshall to the US Ambassador in London, 26 Jul. 1947.

The Administration remained determined to find a way of bringing the two sides together without involving the Security Council. Charles Bohlen, the State Department's Counselor, recommended to Marshall that the US might join with the British in a mediation effort, a move which, if successful, would delay debate of any resolution submitted to the UNSC.[38] The only difficulty with this was that Truman had previously rejected this course of action, probably to avoid increasing Washington's involvement in the dispute. Marshall, however, noted that the President's decision had been taken before it had become clear that the dispute would be referred to the UNSC and he decided to try to change Truman's mind. On 30 July, Truman approved Marshall's recommendations that the US should offer to mediate either with the British or on its own and that Marshall should solicit the Dutch to request US, or US/UK mediation.[39] This attempt by the Americans to promote negotiations coincided with the submission of resolutions to the UNSC by Australia and India and represented a desperate last-ditch effort to circumvent debate in that forum.

Although Truman had agreed that the US could become involved in a joint mediation effort with the UK, Marshall was becoming increasingly convinced that the Administration would be unable to avoid being drawn into the dispute. He had already warned Truman of the dilemma facing the US, which could neither support Dutch military action nor oppose a UN investigation.[40] The Secretary of State also

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[38] Charles Bohlen to the Secretary of State, 29 Jul. 1947, FRUS 1947 VI, p. 996.

[39] HSTL; Truman Papers; White House Central File (WHCF) : Confidential File, Box 34; United Nations; Marshall to Truman, 30 Jul. 1947.

[40] HSTL; Truman Papers; WHCF : Confidential File, Box 34; United Nations; Marshall to Truman, 30 Jul. 1947.

knew that something had to be done to reduce tension and avoid a UNSC debate but his options were limited by his own rejection of arbitration and the Dutch refusal to accept London's "good offices". Marshall concluded, from this, that the Administration had no alternative but to try to promote a settlement itself and, so, his unilateral offer of Washington's "good offices" was aimed at securing The Hague's co-operation. In securing the acquiescence of the Dutch, Marshall hoped to hold off the imminent UNSC debate. The Administration's initiative seemed to be achieving its desired objectives as the UNSC delayed consideration of the Australian resolution, which had called the Dutch action a 'breach of world peace'[41] and when, on 1 August, the Dutch accepted US mediation. However, Washington's effort collapsed as, first, it proved impossible to transmit the offer of "good offices" to the Republic's leaders and, then, on 19 August, the Indonesians finally rejected it.[42]

While Washington's offer of "good offices" was designed to prevent any UN involvement in the settlement of the Indonesian dispute, it could not stop the UNSC debating calls for a cease-fire. On 31 July, the Council had begun consideration of the issue and Washington was soon forced to reveal its acceptance that the Linggadjati process was over. This it did by withholding its approval for an Australian draft resolution, which called for a cessation of hostilities and for arbitration as provided for by the Linggadjati Agreement. In its place, Washington substituted one of its own which, in addition to demanding an end to hostilities,

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[41] *The New York Times*, 1 Aug. 1947.

[42] Secretary of State to Foote, 4 Aug. 1947, FRUS VI, p. 1012. NA; RG 59; DF 1945 - 1949, 856E.00, Box 6450; Foote to the Secretary of State, 19 Aug. 1947.

merely called for the dispute to be settled by 'arbitration or by other peaceful means'. This resolution, calling for a cease-fire to take effect on 4 August, was adopted on 1 August.[43]

With the Administration's initiative to promote bilateral talks floundering, on 14 August, the UNSC opened a further debate on the Indonesian crisis focusing on the policing of the cease-fire and the promotion of a settlement to the dispute. Once more, Washington found itself in conflict with the Australian Government, which had proposed that the UNSC should send a commission to Indonesia to observe the cease-fire and promote a settlement. The US was opposed to linking the two issues and the State Department instructed its Delegate to the UNSC, Herschel Johnson, that it wanted the UNSC to 'draw a sharp distinction' between its interest in the cessation of hostilities and the ultimate settlement. The UNSC had already adopted a resolution covering the cease-fire and the Truman Administration did not want it to become involved in any settlement.[44] The American action, together with the implacable opposition of the Dutch, forced the Australians to back down.

Despite this tactical victory, there was still great pressure for the UN to become directly involved in resolving the dispute. In addition to the Soviet bloc's interest, there was a groundswell of support for UN action from the Non-Permanent members of the UNSC and those co-opted for the debate. The Indian and

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[43] SCOR 1947, Vol. 2, Resolutions, p. 6.

[44] Secretary of State to Herschel Johnson, 12 Aug. 1947, FRUS 1947 VI, pp. 1024 - 25.

Philippines Delegates both spoke in favour of UN action, reminding the Council of the strength of Asian nationalism,[45] but the Dutch protested that the UN had no jurisdiction in relation to the eventual political settlement, which it considered an internal matter. The US, for its part, did not want the UN to take action because this would have allowed Soviet involvement. However, given the wide support in the UNSC for action, it faced the risk that it might be forced to veto a resolution sanctioning Soviet influence in the NEI. On 22 August, Johnson therefore introduced a draft resolution which was based on an earlier Dutch suggestion and was designed to encourage their agreement to UNSC involvement. The resolution provided for the establishment of a Committee of Good Offices (GOC) made up of one representative each appointed by The Netherlands and the Republic and a third nominated by the two parties' representatives. Johnson argued that there was doubt about UN jurisdiction in the NEI and that an offer by the UN of its "good offices" would avoid this problem.[46] Andrei Gromyko, the Soviet Delegate, accused the US of attempting to by-pass the UN,[47] but, despite his objections, the resolution was adopted and the GOC established. Also on 25 August, the Council adopted an Australian-Chinese resolution which called for the career consuls at Batavia to form a commission, later known as the Consular Commission (CC), to report on the cease-fire issue.[48]

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[45] SCOR 1947, 185th and 192nd Meetings, 15 and 22 Aug. 1947, pp. 2017 - 24 and 2153 - 57.

[46] SCOR 1947, 193rd Meeting 22 Aug. 1947, pp. 2175 - 79.

[47] SCOR 1947, 194th Meeting 25 Aug. 1947, pp. 2204 - 05.

[48] The Consular Commission was composed of Security Council members who had career consular officials in Batavia and was a device to preclude Soviet involvement.

The passage of the first 25 August resolution revived American diffidence to the dispute in the NEI. The Dutch "police action" had provoked the Truman Administration into taking a public initiative to broker a settlement and, in making its offer of "good offices", Washington had accepted the responsibility for facilitating a negotiated solution. Although, in part, this was motivated by a desire to avoid UNSC intervention, it also reflected a desire to assist American interests by limiting the influence of other interested powers, such as the UK and Australia. With the creation of the GOC, however, the US again became equivocal about direct involvement. Citing the Indonesian rejection of Washington's "good offices", Acting Secretary of State Robert Lovett told van Kleffens that, if asked, the US would not accept membership of the GOC.[49] In fact, it was the UK which emerged as the possible third member of the GOC. With The Netherlands nominating Belgium, the Indonesians, and their representative Australia, secretly asked the British to be the third member of the GOC, an approach which was rebuffed.[50] On 14 September, the Belgians and the Australians made a formal request to Marshall that the US take the third seat on the GOC. Although he preferred to 'avoid this burden', the Secretary of State felt that, given Washington's authorship of the enabling resolution, he had no option but to recommend acceptance of the invitation to Truman. The President approved the recommendation the following day.[51]

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[49] Memorandum of Conversation by Lovett of a meeting with van Kleffens, 28 Aug. 1947, FRUS 1947 VI, pp 1043 - 44.

[50] PRO; FO 371/63617; Sargent to Bevin, 11 Sept. 1947.

[51] HSTL; Truman Papers; WHCF : Confidential File, Box 34; United Nations; Marshall to Truman, 14 Sept. 1947.

The establishment of the GOC, although it marked the failure of US efforts to keep the Indonesian question out of the UNSC, did allow Washington the opportunity to direct developments. Having conceded that the UN must become involved in the resolution of the crisis, the Truman Administration did not wish to allow the Security Council to become the arena in which the details of a settlement were hammered out.[52] The UN's offer of "good offices" did not challenge the Dutch refusal of arbitration and conformed with Washington's minimalist approach to the dispute which was based on the need for a negotiated agreement between the two disputants. The GOC also had the distinct advantage of distancing the USSR from the settlement talks. That the basic American approach had not changed after the Dutch military campaign underlined the pro-Dutch policies being followed by the Administration. Indeed, the Dutch were becoming ever more confident of their support in Washington, which was regarded as having an 'improving appreciation' of The Hague's plans in the NEI.[53]

While the CC began its work in September, the GOC did not have its first meeting until late October. Meanwhile, the Dutch were able to consolidate their military gains at the expense of the Republicans. Washington saw the CC as a vehicle to promote US policy and, to this end, Foote's activities as a member of the Commission were closely monitored. With the military situation deteriorating, the

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[52] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6450; Memorandum of Conversation by Dean Rusk of a meeting with Sjahrir, 20 Aug. 1947.

[53] *The New York Times*, 24 Sept. 1947 - reporting comments made by van Mook. Again, Asia specialists in the State Department urged that US policy, seen by them as having an 'imperialistic bias', should be re-directed to involve private pressure on the Dutch to reach a settlement (NA; RG 59; DF 1945 - 1949, 856D.00, Box 6439; Raymond Hare to Loy Henderson, 1 Oct. 1947.)

CC produced an interim report, on 22 September, for the UNSC, which found poor compliance with the cease-fire order. The report contained proposals for rectifying the situation and this infuriated the State Department, which believed that the CC had only a restricted mandate for fact-finding. As a consequence, Foote was rebuked for failing to clear the report with the State Department before it was sent to the UN.[54] The CC's report formed the basis of a UNSC debate, which began on 3 October, to consider the cease-fire and which, once more, demonstrated the pro-Dutch bias of US policy. Discussion centred around how the cease-fire might be enforced. The Soviets argued for a return to the pre-21 July lines while the Australians wanted a withdrawal to the positions occupied on 4 August. The American delegation opposed both of these propositions with the bizarre reasoning that any withdrawal would prejudice the positions of the two parties.[55] In reality, the US was supporting the acquisition by conquest of territory by the Dutch. However, the Dutch position was weakened considerably by the final CC report, submitted on 11 October, and, in an effort to avoid having to veto draft resolutions which sought to support UN policy, the new US Delegate, Senator Warren Austin, proposed a compromise calling upon the GOC to take responsibility for ensuring the effectiveness of the cease-fire and for facilitating negotiations between the parties. Reversing its earlier position, the US now wanted the cease-fire and the political settlement to be linked under the GOC's auspices. The resolution was adopted on 1 November, after an amendment calling for the military position to be frozen on the basis of territory occupied on 4 August was accepted.

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[54] Lovett to Foote, 27 Sept. 1947, FRUS 1947 VI, p. 1052.

[55] Memorandum of Conversation by Lacy, FRUS 1947 VI, pp. 1058 - 59. SCOR 1947, 209th Meeting, 9 Oct. 1947, pp. 2526 - 28.

Washington was now able to channel all its efforts into promoting a settlement through the GOC, to which it had appointed Dr. Frank Graham, the President of the University of North Carolina, to serve with Judge Richard Kirby of Australia and Paul van Zeeland from Belgium. Under its rules, the GOC could only act by consensus, an arrangement which led to conflict and minimised the Committee's scope for action. While the Dutch were determined that the GOC should not undermine their sovereignty, Kirby and his deputy, Thomas Critchley, decided that a quick transition to independence was the only sensible course to follow. In contrast to Graham, who was in close contact with the State Department, Kirby was given a free hand on the GOC, having been briefed only to be fair in his dealings with the disputants.[56] Graham, in fact, became a surrogate Consul-General in Batavia and promoted US policy within the GOC, a position which varied from his public view that the members of the GOC were representatives of the UNSC.[57]

If Graham's arrival did not signal a change in Washington's policy, it exposed the State Department to a different view of the Republic than Foote had previously given it. For example, Graham reported that the Republic was not cowed by Dutch military superiority, that its political structure was sound, and that the Republic's leaders recognised they would have to work with the Dutch. His deputy, Charlton Ogburn, also provided a refreshingly different outlook, telling Washington that the image of lawlessness in the Republic was a fiction and that there was no appreciable communist influence on the Government whose policies were 'mildly

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[56] Interview with Thomas Critchley, Sydney, 12 Sept. 1996.

[57] Austin to Lovett, 15 Oct. 1947, FRUS 1947 VI, pp. 1054 - 55. Foote had left Batavia in October 1947 and had been replaced by Charles Livengood.

socialist'.[58] Graham was, however, unable to carry out his work in the GOC without first obtaining State Department advice on the policies he should follow. The first major problem faced by the GOC concerned the cease-fire. When Graham found that his colleagues could not agree about whether the 1 November resolution required a Dutch military withdrawal, he sought State Department advice.[59] The response he received indicated the extent of the continued US support for the Dutch. Although the resolution forbade the use of armed force to extend territorial control not enjoyed on 4 August, Lovett wrote that the State Department believed, this did not require a Dutch withdrawal.[60]

The cease-fire talks had begun on 14 November and, in early December, the GOC was trying bring about the resumption of political talks. The first problem was to find a neutral venue. Eventually, it was agreed that the US would supply a ship and, after some hesitation, the Administration agreed to donate the *USS Renville*.[61] Washington's shyness did not, however, extend to the talks themselves. After the political talks began, it quickly became apparent that little headway was being made. With the process stalled, the State Department told Graham that the GOC should take a 'firm stand' to get things going.[62] This advice coincided with a separately developing crisis as the Dutch sought to exploit their military situation to

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[58] Graham to the Secretary of State, 29 Oct. 1947 and Ogburn to the Secretary of State, 17 Nov. 1947, FRUS 1947 VI, pp. 1063 - 64 and 1072 - 74.

[59] Graham to the Secretary of State, 13 Nov. 1947, FRUS 1947 VI, pp. 1070 - 72.

[60] Lovett to Graham, 18 Nov. 1947, FRUS 1947 VI, p. 1074.

[61] PRO; FO 810/4; British Consul-General (Sir Francis Shepherd) to Foreign Office, 27 Nov. 1947.

[62] Lovett to Graham, 19 Dec. 1947, FRUS 1947 VI, pp. 1084 - 85.

the detriment of the Republic.[63] In response to these pressures, on 25 December, the GOC delivered to the Dutch and the Republic what became known as its "Christmas Message". In it, the GOC proposed a truce line at the Dutch positions of 4 August and called for the restoration of Republican civil administration within three months of a political agreement being signed. The "Christmas Message" also called for the withdrawal of Dutch forces from conquered territory and for elections to be held, between six and twelve months after political agreement had been reached, to determine the relationship between the Republic and the USI.

As the GOC sought to defuse the crisis in the NEI, the State Department was considering what advice to give to Graham, based on his reports of developments, and, on 31 December, Lovett cabled Graham with detailed guidance. He made it clear that, while the GOC must act as a free agent, the scope of the alternatives open to it should be determined by the 'major considerations of US policy'. He advised Graham that the State Department wanted to ensure the stability of the Dutch Government, which he described as a 'strong proponent' of US policy in Europe. He also emphasised US support for self-government for peoples 'qualified to accept (the) consequent responsibilities' and the need to restore trade between Indonesia and the rest of the world, noting the NEI's 'indispensability' to the ERP. Lovett offered Graham the 'practical suggestion' that the reversal of the Dutch plan for the establishment of the USI was 'unrealistic and undesirable' and

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[63] Critchley to the DEA and Kirby, 22 Dec. 1947, *Diplomasi Australia & Indonesia's Independence : Documents 1947*, pp. 484 - 85.

congratulated him that the "Christmas Message" did not appear to conflict with US policy.[64]

If the Truman Administration believed that the Dutch would be prepared to accept the "Christmas Message" simply because it reflected US thinking on the terms of a negotiated settlement, then it was in for a rude awakening. Although the Republic reluctantly accepted the GOC's proposals on 30 December, the Dutch rejected them, making counter-proposals which eliminated all references to the Republic. The Dutch refused to agree to the restoration of Republican civil administration in territory they had conquered, the withdrawal of their troops and they made no provision for the inclusion of the Republic in an interim federal government. On 9 January, The Netherlands' negotiators gave the Republic three days in which to agree unconditionally to the Dutch plans. Graham, meanwhile, sought to remove the threat to the negotiations by drawing up six additional political "principles" which assured the Republic of a role in the USI and of fair representation in the interim government.[65] On 6 January, he sought the State Department's approval for his plan, which he received the next day.[66] In fact, Graham's six "principles" had not been discussed within the GOC[67] and amounted

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[64] Acting Secretary of State to Graham, 31 Dec. 1947, FRUS 1947 VI, pp. 1099 - 1101.

[65] McMahon, *Colonialism And Cold War*, pp. 199, 201 and 203.

[66] Graham to the Secretary of State, 6 Jan. 1947, and Secretary of State to Graham, 7 Jan. 1947, FRUS 1948 VI, pp. 62 - 64 and 68. Critchley 'took it for granted' that Washington had been involved in the drafting of the six additional principals and that, in any case, they would have been circumscribed by Washington's policies and would have required Washington's approval. (Letter from Critchley to the author, 6 Aug. 1998.)

[67] Interview with Thomas Critchley, Sydney, 12 Sept. 1996. The "principles" were agreed by the GOC before being submitted to the Dutch and Indonesians.

to a unilateral US attempt to bring the talks to a conclusion. After the "principles" were presented to the Dutch and the Republic, the State Department made strenuous efforts to ensure that they were accepted. The difficulty lay in securing Dutch agreement, since the "principles" directly contradicted the Dutch counter-proposals, and so Washington took the unprecedented step of warning the Dutch that they risked losing their ERP funding unless they accepted the six "principles"[68] - Graham has suggested that pressure was applied to the Dutch by the highest ranking officials in the State Department and that 'without Marshall there would have been no Renville Agreement'.[69] On 11 January, the Dutch accepted the six "principles" and, on 17 January, the two sides signed the military and political accords which made up the Renville Agreement.

Coming after the turbulence of the preceding four months, Washington welcomed the Renville Agreement as a 'just and practical' basis for the political and economic development of the NEI.[70] State Department officials believed that the Agreement had prevented the elimination of the Republic as a political entity and had salvaged the possibility of reaching a negotiated solution to the Indonesian question. However, they viewed the Agreement as being decidedly more favourable to the Dutch, who had retained their military gains. Additionally, the Republic had been forced to accept the new states which had been created by the

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[68] Interview with Thomas Critchley, Sydney, 12 Sept. 1996. Marshall to the Embassy in The Netherlands, 13 Jan. 1948, FRUS 1948 VI, p. 77.

[69] Taylor, *Indonesian Independence*, p. 316.

[70] US Press Release, 20 Jan. 1948; *DSB*, Vol. XVIII, Number 448, 1 Feb. 1948.

Dutch in conquered territory.[71] For its part, the Republic could only look towards the promised plebiscites as a way of demonstrating its influence but, even in this, it remained dependent on the US and the UN to ensure fairness in the their conduct.[72] Van Kleffens managed, perhaps unwittingly, both to highlight Washington's role in the Renville talks and their beneficial outcome for The Netherlands when he thanked Lovett for Graham's work in selling the six "principles" to the Republic and for the State Department's fairness, understanding and open-mindedness.[73] This occurred at a time when the State Department was concerned to preserve the fiction of US non-involvement by stressing the part played by the GOC, and Graham, in facilitating the negotiations.[74]

Between August 1947 and January 1948, the US came to terms with the setbacks to its policy caused by the Dutch "police action". Having failed to stop Dutch military action, it had been forced, firstly, to accept UN involvement in the dispute and, then, to become a member of the GOC. Through its membership of the GOC, the US became more closely identified with the negotiations and, consequently, with their success or failure. However, despite its greater degree of exposure, Washington remained unwilling to take a strong lead in resolving the dispute. As Graham had made clear in seeking Washington's agreement to the six

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[71] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6451; Livengood to the Secretary of State, 20 Feb. 1948 and 856D.00, Box 6440; Rusk, Hickerson and W. Walton Butterworth to the Secretary of State, 10 Feb. 1948.

[72] *The New York Times*, 19 Jan. 1948.

[73] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6451; van Kleffens to Lovett, 15 Jan. 1948.

[74] NA; RG 59; DF 1945 - 1949, 856D.00, Box 6440; Rusk, Hickerson and Butterworth to the Secretary of State, 10 Feb. 1948.

"principles", they were designed only to facilitate Dutch preparations for the end of their sovereignty and not to force Indonesian independence.[75] The Renville Agreement was, however, entirely compatible with US policy, which continued to emphasise the importance of the political and economic stability of The Netherlands and which foresaw Indonesians gaining their independence only when they were capable of discharging the responsibilities of self-government.[76] The ulterior motive in Washington's approach was evident to Kirby, who reflected the Australian belief that the Republic's aspirations were being subordinated to the Truman Administration's wider policy objectives. Kirby argued that Washington's chief concern was to bring the NEI's resources into the world economy at the earliest possible opportunity rather than to smooth the way to independence,[77] a charge which was difficult to refute given that the Renville Agreement had left the Dutch in control of most of the economically vital areas of Java and Sumatra. The Australians sensed that, if the Indonesians were to benefit at all from the Renville Agreement, it would be as a result of an early political settlement.[78] Of greater consequence for Washington was the knowledge that its prestige and interests were now bound up in the search for a final settlement based on Renville, a settlement which it expected the GOC to broker.[79]

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[75] Graham to the Secretary of State, 6 Jan. 1947, FRUS 1948 VI, pp. 62 - 64.

[76] NA; RG 59; Lot 54 D 190; Reel 6/39; "Summary Statement : U. S. Policy Towards the Netherlands East Indies", undated and unsigned.

[77] Australian Archives (AA); CRS A3300/7/686; Kirby to Canberra, 13 Feb. 1948.

[78] Interview with Thomas Critchley, Sydney, 12 Sept. 1996.

[79] "Work of the UN Good Offices Committee in Indonesia."; *DSB*, Vol. XVIII, Number 454, 14 Mar. 1948.

Washington's increased commitment to the pursuit of a settlement in the NEI coincided with a growing sense of the NEI's importance to the US. Whereas it had been seen previously as an adjunct of The Netherlands and policy had been determined primarily with the interests of the metropole in mind, during 1948, State Department officials began to accord Southeast Asia, and the NEI, a higher priority in policymaking terms. This new trend did not mean that the US reoriented its policy towards the region in such a way as to exclude the interests of the colonial powers. On the contrary, the continued need to stabilise Europe meant that the economic links between metropoles and their colonies had to be preserved. Yet, as part of a wider trend, Administration policy now began to reflect the NEI's importance to American strategic concerns, such as Cold War competition and the revival of Western economies.

Traditionally, the US viewed China as the focus of its policies in Asia and this perception continued after 1945, despite the civil war there. However, as the Nationalists' position worsened, the State Department became more certain of the need to concentrate on Japan as the basis of its policy in Asia. As Japan became more prominent, so the idea of containing communism on the Asian mainland receded. Instead, US planners envisaged a network of offshore bases, linking Japan and Southeast Asia, as the main barrier to communist expansion.[80] Japan's importance as the conduit for US policy in Asia required that it be economically strong and ideologically linked to the West and led the State Department to review

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[80] Michael Schaller, 'Securing the Great Crescent : Occupied Japan and the Origins of Containment in Southeast Asia', *Journal of American History*, 69 (1982), pp. 392 - 414.

its attitude towards Southeast Asia, which it envisaged would supply the Japanese with raw materials and provide markets for its exports.

US plans to revitalise Japan's economy, and the growing need for raw materials generally, made even more important the task of ensuring that Southeast Asia remained friendly to the West. State Department officials, like John Paton Davis, thought that colonialism in the region was doomed and that the US would soon have to deal with independent countries led by the same nationalists who were then opposing America's allies, the colonialists. This analysis was complemented by the increased perception that the Soviets were also becoming more interested in Southeast Asia, which was becoming the scene of Cold War confrontation.[81] George Kennan, head of the State Department's Policy Planning Staff, also accepted the increased importance of Southeast Asia and, in particular, Indonesia to US interests noting that Indonesia was 'the most crucial issue of the moment in our struggle with the Kremlin' and that it was the 'anchor in that chain of islands ... we should develop as a politico-economic counterforce to communism in the Asian land mass.'[82]

Washington had long regarded the NEI as a strategically important producer of the raw materials, especially oil, upon which the West depended. It was clear to the State Department, in early 1948, that the NEI's export trade was being seriously

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[81] HSTL; Papers of John F. Melby (Melby Papers), Box 9; SE Asia File - SE Asia Regional Conference - Bangkok, Siam (1); Report of the Southeast Asia Conference, 21 - 26 Jun. 1948.

[82] Wilson D Miscamble, *George F Kennan And The Making Of American Foreign Policy 1947 - 50* (Princeton, 1992) pp. 273 - 74.

retarded by the political situation.[83] The Administration was also becoming concerned about a general shortage of oil supplies caused by rising world demand and limited supply.[84] In 1938, the NEI had been the fifth largest producer of oil, pumping nearly 7.5 million tonnes. However, war damage and the post-war 'political difficulties' had caused a slump in production with less than 1.5 million tonnes extracted in 1945 and only 0.3 million tonnes produced in 1946.[85] From the US point of view, the situation had been eased by the Dutch "police action", which had led to increased production, but continued political instability remained a threat to the rehabilitation of the Indonesian oil industry - a concern which was reinforced by the fall of the Sjarifudden Government, on 23 January 1948, as a result of disquiet in the Republic over the Renville Agreement.

However, Washington was becoming more optimistic that a negotiated settlement could be reached as Hatta replaced Sjarifudden and while Sukarno, who viewed the Renville Agreement as a reasonable basis for talks, remained as the President of the Republic.[86] This perception of Republican moderation, combined with the Administration's greater investment in the negotiating process, led the State Department, once more, to encourage the Dutch to negotiate. However, the Administration was still keen to maintain its distance from events and, so, it used

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[83] NA; RG 59; DF 1945 - 1949, 811.503156D, Box 4843; Consulate General to the Secretary of State, 18 Feb. 1948.

[84] "Current and Prospective World-Wide Petroleum Situation"; *DSB*, Vol. XVIII, Number 456, 28 Mar. 1948.

[85] Reports of Royal Dutch/Shell Group for 1945 and 1947. Available at Shell Centre, London SE1.

[86] HSTL; President's Secretary's Files (PSF); Foreign Policy File, Box 177; Far East File, "Report of Charles Deane", undated.

its new GOC representative, Coert DuBois, to remind the Dutch that it was their responsibility to make proposals for the implementation of the Agreement. DuBois also told the Dutch that he should be given an opportunity to scrutinise any proposals they might want to make before they were submitted to either the GOC or the Republic to ensure that they were acceptable to the Republic.[87]

The Dutch, however, were more interested in implementing their own plans. Almost as soon as the ink was dry on the Renville Agreement, the Netherlands Indies Government created new states in West Java, East Sumatra and Madura out of territory conquered in 1947. Then, on 9 March, the Lieutenant Governor-General van Mook, announced plans to establish a Federal Interim Government (FIG) in which the Republic would be free to participate if it wished. These initiatives were taken by the Dutch before political negotiations on the implementation of the Renville Agreement had begun and, not surprisingly, the Republic complained that The Netherlands had contravened the Agreement, the provisions of which obliged the parties to co-operate in the setting up of the USI. The Republic also indicated that its own commitment to the Agreement had led to the withdrawal of 35,000 Republican troops from behind Dutch lines.[88]

Washington remained uncritical of the Dutch and declined to condemn their alleged infractions of the Renville Agreement. The State Department regarded the

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[87] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6451; Livengood to the Secretary of State (Nos. 151 and 152), 20 Feb. 1948. Graham had returned to New York to present the GOC's report on the Renville Agreement and formally left his post on 31 March 1948. At the same time, Van Zeeland was replaced by Raymond Herremans and Kirby by Critchley.

[88] McMahon, *Colonialism And Cold War*, pp. 211 - 12.

creation of the new states as tolerable so long as their future status was subject to a plebiscite.[89] Also, Marshall wanted the Republic to enter an interim government to smooth the path to a settlement and to allow the US to give economic aid to the NEI in such a way that The Netherlands would not be embarrassed.[90] The growing influence of wider issues on US policy - the Soviet threat and oil supplies - had not yet begun to change the Administration's basic approach to the search for a settlement. The attempt to filter Dutch plans before they became public had given way to the old assumption that the Dutch could be relied upon to negotiate a settlement which protected US, and the West's, interests. Indeed, the very appointment of DuBois underscored the basic pro-Dutch orientation of US policy. Critchley certainly regarded DuBois, who had served in the US consulate in the NEI before the war, as a friend of the Dutch.[91] By June, however, DuBois had undergone a change of mind and a split had emerged between him and Washington, which led to a significant shift in the Administration's policy towards Indonesia.

When the political talks finally got underway, on 17 March, they quickly became bogged down over the same issues which had led to deadlock after Linggadjati. The Republic asserted its right to retain an army and to conduct foreign relations during the interim period before independence while the Dutch rejected these proposals as a denial of its sovereignty. As the talks ground on

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[89] Secretary of State to the US Representative at the UN (Senator Warren Austin), 25 Feb. 1948, FRUS 1948 VI, pp. 106 - 07.

[90] Marshall to DuBois, 2 Mar. 1948, FRUS 1948 VI, p. 133.

[91] Critchley to L. MacIntyre, 18 Mar. 1948, *Australia & Indonesia's Independence : The Renville Agreement - Documents 1948*. See McMahon, *Colonialism And Cold War*, p. 213.

inconclusively, DuBois reported as 'excellent' relations between himself and the Dutch, who were, he said, taking a tolerant approach towards the Republic's negotiators. His confidence that the Dutch were intent on implementing Renville was undiminished and he urged the Republic to accept this too.[92] The Dutch, however, pressed on with their plan to set up a federation with, or without, the Republic's participation. On 1 May, they announced that a conference of non-Republican states would be held at Bandung to discuss the setting up of the FIG, once more indicating their intention not to be deflected from setting up the USI on their own terms.

In contrast to the openly sympathetic approach taken by Washington, the Australians were far more critical of the Dutch. The Australian Government believed that, without the Republic's assent, peace would not be possible. Moreover, one of the primary objectives of the Australian GOC Delegation was to persuade the Americans on the importance of the Dutch coming to terms with Indonesian nationalism and the unfortunate consequences which would ensue if they failed to do so.[93] Whereas Washington assumed that the Dutch would eventually offer a generous settlement to the Republic, the Australians believed that pressure would have to be exerted on them to achieve this goal.[94] Meanwhile, Critchley, who by now was the Australian representative on the GOC, had concluded that a political settlement was essential and, frustrated by what he

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[92] DuBois to the Secretary of State, 2 and 10 Apr. 1948, FRUS 1948 VI, pp. 133 and 143 - 44.

[93] Letter from Critchley to the author, 6 Aug. 1998.

[94] "Australian Policy On Indonesia", DEA Memorandum, [15 Apr. 1948], *Australia & Indonesia's Independence : The Renville Agreement - Documents 1948.*

regarded as stalling tactics by the Dutch, he began, in April, to develop an initiative designed to break the impasse.[95]

In early May, the State Department became aware that its assumptions about the Dutch and their approach to the search for a settlement were misplaced. At the UN, the Republic's representatives had criticised the Dutch for their violations of the Renville Agreement and had also expressed concern about the performance of the GOC. Infuriated by this, Marshall ordered DuBois to upbraid Hatta's Government but, much to his surprise, DuBois replied that the Republic's allegations were 'anything but baseless'. The Dutch, he warned, were restricting the Republic's freedom to communicate with the people by preventing plebiscite meetings from being held. DuBois confirmed that the Republic's criticisms of the GOC were not unreasonable since, in the post-Renville talks, little favourable to the Republic had been achieved. Perhaps most damagingly of all, DuBois advised Marshall that the Dutch were relying on the US to cover for their intransigence both in the GOC and at the UNSC.[96] The Secretary of State was shocked by DuBois' report, which reached him in the middle of the month, and he rejected the implication that pro-Dutch bias had influenced American policymaking. Advising DuBois that US policy had been based on the supposition that the Dutch complying with the Renville Agreement, Marshall said that he had received no indication that the Dutch were culpable or that there was Republican dissatisfaction with the performance of the GOC. Specifically, Marshall rejected DuBois' suggestion that

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[95] Interview with Thomas Critchley, Sydney, 12 Sept. 1996.

[96] Marshall to DuBois, 30 Apr. 1948 and DuBois to the Secretary of State, 10 May 1948. FRUS 1948 VI, pp. 161 - 62 and 164 - 68.

the Dutch might resort to force to settle matters, saying that the Administration had been assured by the Dutch that they had no such plans.[97]

Marshall's reluctance to accept DuBois' advice demonstrated the extent to which the Administration had become divorced from the situation in the NEI. It also emphasised the further reality that the State Department believed that American interests lay in having The Netherlands as a stable and co-operative ally and not in accommodating the Republic. This outlook now coloured its reaction to Critchley's effort to find a way forward. As the political talks faced breakdown, Critchley tried to break the deadlock by proposing that, instead of simply facilitating the negotiations, the GOC should make its own proposals for a settlement. His plan, which he had discussed with Hatta but had not cleared with his colleagues, DuBois and Raymond Herremans, was aimed at circumventing disagreements about the plebiscites promised by Renville.[98] Critchley's central proposition was for the election of a Constituent Assembly, which would be charged with drafting a constitution for the USI, negotiating a Union statute and which would eventually appoint the provisional federal government to which sovereignty would be transferred. In early May, DuBois began working with Critchley to refine the plan and, at the end of the month, he presented an outline of the plan to the State Department for comment.[99]

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[97] Secretary of State to DuBois, 14 May 1948, FRUS 1948 VI, pp. 172 - 74.

[98] Critchley to DEA, 3 May 1948, *Australia & Indonesia's Independence : The Renville Agreement - Documents 1948.* Interview with Thomas Critchley, Sydney, 12 Sept. 1996.

[99] DuBois to the Secretary of State, 21 May 1948, FRUS 1948 VI, p. 180. DuBois did not, for political reasons, tell the State Department that the plan had originated with Critchley. (Interview with Thomas Critchley, Sydney, 12 Sept. 1996).

Faced with the alternative of deadlocked negotiations, Washington's response was positive. Lovett told DuBois that he was impressed by his analysis of the situation and by his ideas.[100] At the beginning of June, DuBois advised Washington of some refinements to the plan and, in asking the Administration to persuade the Dutch to accept it, argued that it represented the only hope for a peaceful settlement. He sought the State Department's approval for the plan saying that, if it did not like his plan, he was 'at a loss' to know what to do next.[101] On 5 June, DuBois sent a copy of the full proposals to Washington for comment[102] and, on 10 June, the Critchley-DuBois Plan was handed to the Dutch and the Republic.

The plan immediately ran into trouble. Lacking Herremans' agreement, it was presented as a personal initiative by Critchley and DuBois and this aroused the opposition of the Dutch. Their more substantive objection to the plan concerned its stipulation that the provisional federal government should 'have every power of sovereignty' in the interim period, leaving the Dutch Governor only with a power of veto.[103] Although, it claimed at first not to have received a copy of the plan,[104] the State Department did not now reflect Lovett's earlier views about the plan. Its first concern was that the GOC should not become an arbitral body and the State

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[100] Lovett to DuBois, 27 May 1948, FRUS 1948 VI, pp. 186 - 87.

[101] DuBois to the Secretary of State, 1 Jun. 1948, FRUS 1948 VI, pp. 203 - 07.

[102] DuBois to the Secretary of State, 5 Jun. 1948, FRUS 1948 VI, pp. 218 - 23.

[103] NA; RG 59; Records of the Policy Planning Staff, Country and Area Files (Lot 64 D 563), Box 18; Indonesia; Note of a PPS Meeting, 22 Jun. 1948.

[104] McMahon speculates that the most likely cause of the "loss" of the cable was an interdepartmental conflict over the proposals. (McMahon, *Colonialism And Cold War*, pp. 221 - 22, footnote 29.)

Department believed that the Critchley-DuBois Plan implied just such a change in its status. Aware that the plan was essentially Critchley's, and since the State Department viewed him as the main influence behind the push to give the GOC a wider role, the Americans decided not to support the initiative.[105] More importantly, however, the State Department shared Dutch concerns on the question of sovereignty in the transitional period before independence, an issue which had been highly influential during the Renville talks and which remained important for Washington.

While Critchley believed that this attitude could have been influenced by a legalistic desire not to interfere in the internal affairs of another country,[106] the State Department had other reasons for taking this line. Like Graham before him, DuBois was given detailed advice about the parameters within which US policy allowed him to work. So, DuBois was told that, despite being a free agent as a member of the GOC, he was expected to deliver an agreement which accorded with the 'larger interests of the United States'. In particular, the State Department advised him that the interim period before independence was intended to allow the Dutch to regain possession of, and rehabilitate, the NEI economy and to give Indonesians time to be trained for government.[107] It is clear that, while Washington in theory supported eventual independence, it continued to be concerned primarily with the stability of The Netherlands and the re-integration of the NEI into the

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[105] PRO; FO 371/69765; Franks to the Foreign Office, 11 Jun. 1948.

[106] Letter from Critchley to the author, 6 Aug. 1998.

[107] Marshall to DuBois, 8 Jun. 1948, FRUS 1948 VI, pp. 229 - 31.

world economy, an approach consistent with the attitude it had adopted after the Dutch "police action". Without Washington's support the Critchley-DuBois Plan could not succeed but its existence was, nevertheless, an embarrassment for the State Department. The last rites for the Critchley-DuBois Plan were acted out at the UNSC, which was debating a resolution from the Soviets calling on the Security Council to consider the proposals. Having already told DuBois that it was 'unalterably oppose(d)' to any referral of the proposals to the UNSC,[108] the Administration now abstained in a vote on the Soviet resolution, thus denying the USSR a majority by one vote.[109]

The failure of the Critchley-DuBois Plan had a serious impact on DuBois' health and he left the NEI late in June to be replaced by H. Merle Cochran, a career diplomat known to be well-disposed towards the Dutch.[110] DuBois' and Critchley's work did, however, have an effect on US policy, which was now beginning to take account of the possibility that the Dutch might not be acting in Washington's best interests. Just before the Critchley-DuBois Plan had been published, a CIA report had concluded that a prolonged dispute in the NEI would delay the restoration of political stability and economic rehabilitation. Fearful that this could lead to a settlement unfavourable to the US, the Agency suggested that some compromise would have to be found which 'afford(ed) expression to

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[108] Marshall to DuBois, 14 Jun. 1948, FRUS 1948 VI, pp. 245 - 46.

[109] SCOR 1948, 328th Meeting, 1 Jul. 1948, p. 34.

[110] McMahon, *Colonialism And Cold War*, pp. 233 - 34. The State Department said that DuBois was suffering from high blood pressure (Marshall to Baruch, 24 Jun. 1948, FRUS 1948 VI, p. 266) while the Shepherd told London he had had a breakdown (PRO; FO 371/69767; Shepherd to Foreign Office, 25 Jun. 1948).

Indonesian nationalism but permitt(ed) the continuation of Dutch assistance and guidance in Indonesia.' This 'middle course' would, the Agency warned, require the 'continuing influence of third powers' in Indonesia.[111] The CIA's report signalled the extent to which, up to that point, US support for Indonesian independence had amounted to little more than pious words. DuBois had reached much the same conclusion as the CIA during the final weeks of his stay in the NEI. In early June, he had told Marshall that no substantial economic rehabilitation would take place unless there was a settlement which had nationalist support. DuBois had also believed that an agreement could be devised which allowed the Dutch to retain their economic stake in the colony while, at the same time, providing the US with a foothold in the newly independent country. The US Delegate reminded Washington that only the US could provide the funds needed for reconstruction and pointed out that the nationalists would be only too pleased to have the US as a counterweight to the Dutch after independence.[112] Within the State Department, the more complicated picture was reflected by Lovett, who admitted to van Kleffens that he had formerly viewed the dispute 'in terms of black and white and had felt that the Netherlands' position was substantially correct' but that he now saw a 'large element of gray injected into the picture'.[113]

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[111] HSTL; Truman Papers, PSF; Intelligence File, Box 255; "The Prospects for a United States of Indonesia", ORE 1948 (21 - 29), 4 Jun. 1948.

[112] DuBois to Marshall, 3 Jun. 1948, FRUS 1948 VI, pp. 210 - 13.

[113] NA; RG 59; DF 1945 - 1949, 856D.00, Box 6440; Memorandum of Conversation by Lovett, of a meeting with van Kleffens, 5 Jun. 1948.

That senior State Department officials, like Lovett, were now beginning to take account of the possibility that the intractability of the dispute might be the fault of both sides and not, as they had previously supposed, just the Indonesians represented a major shift in American thinking. After reflecting at more length on the Critchley-DuBois proposals, State Department analysts were also arguing that they were more acceptable than they had originally believed. After closer scrutiny, the plan was now found to be 'in full consonance' with the Renville Agreement. Crucially, it was discovered that the proposals not only provided for a constructive and speedy transition to independence but also safeguarded as far as possible The Netherlands' economic interests. Analysts noted that the main drawback to the Plan was the fact that the Dutch had rejected it and were unlikely to accept anything similar.[114] Nevertheless, the State Department began work on re-drafting the Critchley-DuBois Plan in an effort to find a proposal which had some hope of acceptance by the Dutch and the Republic. Officials acknowledged that this step represented a further assumption of responsibility for obtaining a settlement by Washington but regarded it as the only way of preventing continued deadlock in the negotiations.[115] The State Department's action also was a tacit acceptance that the Dutch could not be relied upon to secure a settlement in the NEI.

By mid-July, the State Department had, despite its rejection of the Critchley-DuBois Plan, now fully accepted Critchley's conclusion that neither of the parties

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[114] BUL; OSS/State IR Reports : Postwar Japan, Korea and Southeast Asia; State Department Office of Intelligence Research (OIR) Report 4716, "Appraisal of the DuBois-Critchley Plan as a Pattern for a Settlement in Indonesia", 29 Sept. 1948.

[115] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6451; Samuel Reber, Butterworth and Rusk to Lovett, 12 Jul. 1948.

to the dispute were capable of breaking the deadlock in the talks. On 13 July, and shortly after the re-drafting of the Critchley-DuBois Plan was completed, Lovett again met van Kleffens. This time, the Undersecretary of State told the Dutch Ambassador that Washington had no confidence in the Dutch being able to make proposals which would be acceptable to the Republic and that only the GOC seemed to be in position to find a compromise. Washington's hard line seemed borne out when van Kleffens refused to deny that The Netherlands Government would, if necessary, form the FIG without the Republic, a step which Lovett said amounted to a partition of the NEI, which Washington regarded as unacceptable. Despite this clash, Lovett came away from the meeting with the clear impression that the US draft plan would need further amendment if it was to be made acceptable to the Dutch.[116] Cochran left for the NEI, in late July, with the draft plan, travelling to The Hague for consultations with the Dutch Government. On 9 August, he arrived in Batavia and began work on finalising the US plan.

Cochran had little time to settle down before the situation again moved into crisis. A new Dutch Government, under Prime Minister Willem Drees, had taken office on 7 August and had begun to prepare a revised set of proposals for discussion with the Republic. The Dutch proposals were agreed by the Cabinet on 27 August and immediately caused Cochran problems. Washington expected that the Dutch plan would be submitted to the Republic through the GOC and that Cochran's proposals would be tabled a week or so later.[117] However, Cochran

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[116] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6451; Memorandum of Conversation by Lovett of a meeting with van Kleffens, 13 Jul. 1948.

[117] Secretary of State to Cochran, 1 Sept. 1948, FRUS 1948 VI, pp. 314 - 15.

believed that the Republic and the Australians would both reject the Dutch plan and that, since his proposals included elements of the Dutch plan, it too would fail if presented after the Dutch plan had been rejected. Cochran urged Washington to persuade the Dutch not to submit their plan and advised officials that advances made by the communists made it imperative that negotiations did not flounder.[118]

Meanwhile, the State Department had become concerned that the Hatta Government might be overthrown by communists. It had noted that the USSR was paying increased attention to Southeast Asia and was 'posing' as a friend of colonial peoples.[119] In Indonesia, the threat from communism, which had hitherto not been considered great, suddenly became more serious when it was discovered that Musso, a long-standing leader of the PKI, had returned to Indonesia from Moscow. The State Department now believed that the Hatta Government's survival was essential both to defeat the communist threat and to allow a settlement to be reached.[120] Representing moderate nationalism, Hatta was viewed as the best hope Washington had of achieving stability in Indonesia. With the Dutch still unwilling to hold back their proposal and the communist threat growing, Cochran, on his own initiative, tabled his Plan to the Dutch and the Republic in an attempt to save the negotiations and the Hatta Government. The Cochran Plan, presented on 10 September, was designed to appeal to the Dutch and, while still based on the Critchley-DuBois Plan, its provisions strengthened the federal structure of the USI

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[118] Cochran to the Secretary of State, 7 Sept. 1948, FRUS 1948 VI, pp. 322 - 24.

[119] NA; RG 59; Lot 54 D 190; Reel 6/39; "Long-range Policy with respect to Emergent Nations", Charles Reed to Butterworth, 13 Aug. 1948.

[120] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6451; Marshall to Livengood, 9 Sept. 1948.

and ensured against Republican domination of the government. The Plan also enhanced the powers of the Dutch representative during the transition.[121] Even with these new provisions, the Republic's Cabinet approved the Plan as a basis for negotiation, on 20 September.[122] The Netherlands Government, jealously protective of its sovereignty in the NEI, felt betrayed by the Administration and its new Foreign Minister, Dirk Stikker, rushed to Washington to make his government's feelings clear. In a series of meetings with Marshall and other officials, Stikker reminded the Americans of their undertakings not to take action without consulting The Hague. He also expressed reservations about the elections promised by Cochran, which he believed the communists might well win. For his part, Marshall emphasised that, for the first time, the Administration was united behind a proposed way forward - the Cochran Plan - and that prompt action was required to avert the crisis.[123]

The Administration used the meeting between Marshall and Stikker as part of a concerted drive to persuade the Dutch to accept the Cochran Plan as a basis for negotiation. In part, its new approach reflected the dismay felt at the apparent unwillingness of the Dutch to make concessions to nationalist opinion. The day before the meetings with Stikker, the State Department had received a memorandum from Graham urging the Administration to give the Dutch an

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[121] Taylor, *Indonesian Independence*, pp. 142 - 43. Critchley and Herremans had been kept in the dark about the Cochran Plan until it was tabled (PRO; FO 810/11; Shepherd to the Foreign Office, 25 Oct. 1948).

[122] Cochran to the Secretary of the State, 21 Sept. 1948, FRUS 1948 VI, pp. 359 - 60.

[123] Dirk Stikker, *Men Of Responsibility - A Memoir*, (New York, 1965), pp. 115 - 17. Memoranda of Conversation by Marshall and Lovett, of meetings with Stikker, 17 Sept. 1948, FRUS 1948 VI, pp. 343 - 47.

ultimatum to accept the Cochran Plan.[124] The American sense of urgency and Dutch fears about the communist threat in Indonesia both seemed to be justified when, on 19 September, a communist-led uprising broke out at Madiun. However, Hatta's Government put down the rebellion and executed many of the ringleaders thus undermining The Netherlands' claim that the Republic was in the grip of extremists. The suppression of the rebellion greatly impressed the State Department, which now saw the Republic as anti-communist and as having provided stable government for 50 million people for three years. Officials noted that Hatta's was the only government in the Far East to have suppressed a communist revolt and that it done so without Western help and despite being handicapped by the Dutch.[125] However, the failure of the Madiun uprising also reduced the Administration's need for an urgent settlement because Hatta's position was no longer under internal threat and Administration officials became worried that the Republic might, as a result of its new-found, favoured status, be encouraged to 'raise (its) price' for a settlement in talks with the Dutch.[126]

The events of September, which included the delayed Dutch response to the Cochran Plan, caused much debate in the State Department about the Administration's policy options. Officials were particularly concerned that the Dutch might reject the Plan completely and thereby place the Administration in an

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[124] NA; RG 59; DF 1945 - 1949, 856D.00, Box 6440; Graham to the Secretary of State, 16 Sept. 1948.

[125] MA; Record Group 6, Records of General Headquarters Far East Command (FECOM) (RG 6); Box 43, "Daily Intelligence Summaries, Jan 1949", File 1, Summary No. 2310, 5 Jan. 1949. Secretary of State to the Embassy in the USSR, 30 Dec. 1948, FRUS 1948 VI, pp. 613 - 16.

[126] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6451; Embassy in Canberra to the Secretary of State, 11 Oct. 1948.

impossible position. The State Department's energy was directed at persuading the Dutch to accept the Cochran Plan as a basis for negotiation and, in late September, Marshall, addressing the UN General Assembly, tied US prestige to the efforts to find a non-violent solution.[127] To Critchley, this approach merely served to show that the State Department was more interested in the Administration's international reputation than it was in finding a solution as, in Batavia, Cochran was struggling to preserve the entire process from collapse. The Dutch had remained intransigent in the face of US blandishments and, in early October, gave Cochran their proposed response to his Plan. Cochran found it so unacceptable that he refused to transmit it to the Republic and spent the next ten days seeking a better reply.[128] The Dutch response, which was finally delivered on 14 October, was an improvement over the original but still did not satisfy Hatta since it did not offer elections to the provisional government and proposed a slower timetable for its establishment.[129]

The presentation of the Cochran Plan had effectively sidelined the GOC as the main diplomatic activity centred around Cochran in the NEI and in Washington. The Dutch Government's decision to hold direct talks with Hatta only served to emphasise the GOC's position. This step, together with the sacking of van Mook and his replacement by Beel, a conservative, increased Cochran's concerns about the likely success of negotiations. However, his worries were not necessarily shared in Washington, where William Lacy, the Assistant Chief of the Division of

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[127] *The New York Times*, 24 Sept. 1948.

[128] AA; CRS A4968/2/25/9/2; T. Critchley (Secret Reports), Critchley to Burton, 30 Oct. 1948.

[129] PRO; FO 810/11; Shepherd to Foreign Office, 14 Oct. 1948.

South East Asian Affairs, believed that face-to-face talks 'should assist' the search for a settlement.[130] Despite Lacy's opinion, Lovett was also worried about the chances of the talks reaching a satisfactory conclusion. After meeting the Dutch Ambassador, he cabled Cochran and told him that he believed the Dutch negotiators would have only limited room to manoeuvre and that he feared a resumption of military action, which he had warned the Dutch against.[131]

Although the State Department had invested a great deal in the Cochran Plan, the Dutch initiative appealed to the Administration, which had consistently supported bilateral talks between the Dutch and the Republic as the best way of reaching an acceptable solution. The Dutch delegation, led by Stikker, arrived in Batavia on 1 November and soon began talks with Hatta. While Washington was hopeful that a deal could be reached, early indications were not good, as Cochran accused Beel of trying to engineer a break down in the negotiations. The talks adjourned in the middle of the month, after Hatta had made significant concessions, and Stikker returned to The Hague to consult about the position reached. To Critchley, it seemed as if the Americans had failed to cope with Dutch delaying tactics and could not decide how to deal with the situation. He told Canberra that Cochran was worried about the delay in starting talks on the basis of his Plan, which had been 'for urgent consideration', but that he also wanted to give Stikker a chance to reach a settlement. Critchley added that, because of this dilemma, the State Department had avoided pressurising the Dutch since Stikker's arrival.[132]

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[130] AA; CRS A6537/T2/SEATS2; Australian Embassy in Washington to the DEA, 1 Nov. 1948.

[131] Lovett to Cochran, 28 Oct. 1948, FRUS 1948 VI, pp. 438 - 39.

[132] AA; CRS A4968/2/25/9/2; Critchley to the DEA, 8 and 18 Nov. 1948.

In fact, Washington was preparing for the possible collapse of the talks. On 5 November, Lovett had sent to Cochran a draft of an *aide-mémoire* which it was intended should be delivered to the Dutch if they sabotaged the negotiations. The Dutch negotiators' return to the NEI and the resumption of talks, on 27 November, appeared to improve prospects but it soon became clear that this hope was misplaced and, amid mutual recriminations, the talks broke down, the Dutch leaving for Holland on 5 December. While the talks had been in progress, Washington had been alerted by both the Republic and the Indian Government that the Dutch were planning to resort to the use of force after the UN General Assembly adjourned in December.[133] In response to this possibility, Cochran had expressed to Stikker his concern at the way the Dutch had weakened Hatta's position by forcing him to make further concessions and he had warned that Washington 'would hit (the) ceiling' if the Dutch resorted to military action to settle the matter.[134] The failure of the talks also opened up the probability that the whole matter would be referred to the UNSC - Cochran expected Critchley to do that. Cochran also believed that the talks had gone as far as they could without further pressure being applied to the Dutch. He told Washington that the Republic had demonstrated its willingness to compromise while the Dutch had refused to negotiate and recommended that the *aide-mémoire* now be sent to the Dutch Government before Stikker's report was considered by the Cabinet.[135]

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[133] AA; CRS A6537/T2/SEATS 2; Australian Embassy in Washington to the DEA, 29 Nov. 1948.

[134] Cochran to the Secretary of State, 2 Dec. 1948, FRUS 1948 VI, pp. 506 - 09.

[135] Cochran to the Secretary of State, 5 Dec. 1948, FRUS 1948 VI, pp. 523 - 26.

The Administration agreed with Cochran's analysis of the situation and, on 7 December, the *aide-mémoire* was delivered to the Dutch Foreign Ministry. The document promoted the Cochran Plan as a basis for a political settlement, regretted the breakdown in talks and identified the survival of the Republic's Government as a key priority. Crucially, the *aide-mémoire* noted that Dutch military action would seriously deplete The Netherlands' resources and tend to nullify the effect of European Co-operation Administration (ECA) appropriations to The Netherlands and the NEI and might 'jeopardize continuance thereof.' The Administration warned that, in the light of The Netherlands Government's actions, it might be forced to conclude that the GOC had no future role in solving the Indonesian dispute. In such circumstances, the Administration warned, it would resign from the GOC to give itself freedom of action in its handling of the dispute. The *aide-mémoire* ended with a request that The Netherlands Government do nothing which would weaken the newly emerging 'Western European structure.'[136] Stikker later recorded that he refused to receive the communication and instructed van Kleffens to have it withdrawn.[137] US Embassy officials in The Hague reported that the Dutch had reacted with 'pained and angry surprise' at the contents of the message, warned Washington about the possible repercussions of the *aide-mémoire* and asked for concessions to mollify the Dutch.[138] Within hours, the State Department revised the document making it less critical of The Netherlands and withdrawing

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[136] Acting Secretary of State to Cochran, 6 Dec. 1948, FRUS VI, pp. 527 - 29.

[137] Stikker, *Men Of Responsibility*, p. 139.

[138] Lloyd Steere (Chargé at the Embassy at The Hague) to the Secretary of State, 7 and 8 Dec. 1948, FRUS 1948 VI, pp. 530 - 31 and 539 - 41.

the threat to the aid programme.[139] Officially, the Netherlands Government was greatly satisfied with the new wording[140] but, on 10 December, it delivered to the State Department a note which frostily asserted that the US *aide-mémoire* was based 'on an insufficient understanding of the circumstances' and went on to imply that the Dutch were considering military action.[141] In a last ditch effort to prevent hostilities, Cochran prepared a letter for Hatta's signature which sought to meet outstanding Dutch concerns.[142] In Washington, the letter proved dramatically the Republic's willingness to reach a settlement[143] but it drew only an ultimatum from the Dutch and, on 19 December, they launched their second "police action".

In the months between the Renville Agreement and the second Dutch "police action", Washington's approach to the question of Indonesian independence underwent great change. The Administration had, since the end of the war, seen its own interests as indivisible from those of The Netherlands but, as the year progressed, Washington became increasingly worried that the economic rehabilitation of the NEI was being delayed unacceptably by Dutch intransigence in the talks. The friction between Washington and The Hague over economic issues grew worse as the Truman Administration recognised that it had an increasing interest in the future of Indonesia. As the perception grew that the USSR posed a

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[139] Department of State to The Netherlands Embassy, 8 Dec. 1948 FRUS 1948 VI, pp. 531 - 35. PRO; FO 371/69782; Shepherd to the Foreign Office, 8 Dec. 1948.

[140] NA; RG 59; DF 1945 - 1949, 856D.00, Box 6440; van Kleffens to Lovett, 8 Dec. 1948.

[141] The Netherlands Embassy to the Secretary of State, 10 Dec. 1948, FRUS 1948 VI, pp. 544 - 48.

[142] AA; CRS A4968/2/25/9/2; Critchley to MacIntyre, 13 Dec. 1948.

[143] NA; RG 59; DF 1945 - 1949, 856D.00, Box 6440; Reed to Butterworth, 15 Dec. 1948.

threat to Southeast Asia and as Indonesia itself became important to US plans to contain Asian communism, Washington developed its own, separate need for a settlement in the archipelago. The emergence of considerations which did not necessarily point to continued Dutch sovereignty weakened the Administration's willingness to give unconditional support to Dutch efforts to recover their colony. However, this new approach did not affect the underlying sympathy which the Administration had towards the Dutch and which continued to prevent it from taking decisive action to force the Dutch to compromise.[144]

At the same time as this reappraisal of US interests was taking place, the State Department finally acknowledged that the Dutch were not prepared to countenance political change other than on their own terms. Officials also had to revise their former views about the Republic, which not only established its anti-communist credentials but also proved to be extremely flexible in negotiations. The Administration found it difficult to ignore the testimony of Graham, DuBois and Cochran that it was the Dutch who were holding up a settlement, an analysis which became clear to the State Department after the presentation of the Cochran Plan. The Dutch standing in Washington was particularly damaged by the second "police action" which was launched after The Hague had given numerous assurances that it would not resort to military action while negotiations were still taking place.[145] As the reputation of the Dutch fell, so the Republic's stock rose in response to its

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[144] *The New York Times*, 23 Dec. 1948.

[145] AA; CRS A3300/7/688; Australian Embassy to the DEA, 19 Dec. 1948. NA; RG 59; DF 1945 - 1949, 856D.00, Box 6440; Memorandum of a Telephone Conversation by Butterworth of a conversation with Steere, 19 Dec. 1948.

almost abject willingness to co-operate with the GOC and with the Cochran Plan.[146]

As Washington's interest in a speedy settlement to the dispute increased and its faith in the Dutch declined, the State Department took on a much greater responsibility for finding a solution and it was the failure of the Critchley-DuBois Plan which proved to be the catalyst for change. In August 1947, Washington had seen the GOC as a device which allowed UN involvement in the dispute but which also, significantly, precluded Soviet intervention. The State Department had also found the GOC to be a useful vehicle for pursuing US policy in Indonesia. However, the post-Renville talks had shown the GOC's role as the facilitator of talks was inadequate to the needs of the situation with the result that Critchley had determined that it could only succeed if it took the initiative. Although his idea was rejected by the State Department, it did form the basis of the American approach in the second half of 1948. Not only did the Cochran Plan bear more than a passing similarity to Critchley's but it was also put forward as a way of pushing negotiations forward. The main difference, however, between the two situations was that the diplomatic manoeuvres which followed the presentation of the Cochran Plan took place outside the structures of the GOC.[147] Essentially, Cochran was acting as a representative of the US government and not as a member of the GOC, although it provided a useful disguise for his activities. Ultimately, however, the State Department's tactics failed when the Dutch rejected the *aide-mémoire* of

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[146] NA; RG 59; DF 1945 - 1949, 856D.00, Box 6440; Rusk and Hickerson to the Secretary of State, 10 Feb. 1948. Cochran to the Secretary of State, 14 Dec. 1948, FRUS 1948 VI, pp. 555 - 58.

[147] PRO; FO 810/11; Shepherd to the Foreign Office, 22 Dec. 1948.

7 December. The fact that nine days later the Dutch launched their second military action suggests that Washington's revision of the document contributed to the Dutch Government's decision to use force against the Republic, a view shared by Sir Francis Shepherd, the British Consul-General in Batavia, who believed that the *aide-mémoire* 'had done more harm than good by putting the Dutch backs up and settling them in their obstinacy.'[148] With Dutch rule in the NEI imposed by the military, Washington's policy had failed and The Netherlands Government had taken advantage of the US policy of subordinating all other policy aims to the central goal of stability in Europe.

[148] PRO; FO 810/11; Shepherd to the Foreign Office, 28 Dec. 1948.

4. American Self-Interest Brings Indonesian Independence (January - November 1949)

Dutch troops made rapid advances into Republican territory taking the nationalists' capital, Yogjakarta, where Sukarno, Hatta and other Republican leaders had decided to remain to await capture. As the assault continued, all of the Republic's main population centres were occupied but the Dutch were unable to inflict a decisive defeat on the Indonesian forces, which melted away and prepared to launch a guerrilla war. As Cochran had predicted, the Truman Administration reacted angrily to the Dutch action, but Washington's immediate response did not flow from a principled support for Indonesian nationalism. Rather, it was conditioned by the complete collapse of its strategy of using friendly persuasion to nudge the Dutch into an accommodation with the Republic and by the domestic and international reaction to the Dutch action. Nevertheless, despite its vociferous and public hostility to the second "police action", the Truman Administration's outrage soon petered out and gave way to diplomatic manoeuvring and deference to the Dutch. Crucially different in the months after the second Dutch military action, though, was the existence of a UNSC resolution which prescribed the steps to be taken by the Dutch to effect a transfer of sovereignty in Indonesia and powerful domestic pressure on the Administration to ensure that the Dutch abided by the UN's will.

The second Dutch "police action" shattered US policy in the region and also delivered a hammer blow to Washington's hopes for a peaceful transition to independence in Indonesia. It had been Washington's fervent hope that it would be

able to avoid direct association with the process of decolonisation in the Far East but the Dutch had managed, according to the CIA, to bring this 'problem sharply into focus'. Not only would the Administration's past policy in relation to the NEI now be scrutinised publicly but its response to the Dutch use of force would also be subjected to close attention. Additionally, the Administration was concerned that the Dutch had increased the prospect that nationalist movements in southern Asia would turn to the Soviets for support. By attacking the Republic, they had suppressed the Republic's anti-communist government, which an intelligence report produced for the Supreme Commander of the Allied Powers in Japan described as 'the last bridge' between the West and Indonesian nationalism. The CIA believed that the attack had placed in doubt both the Dutch and the Indonesians' ability to contribute to world 'political stability and economic recovery'. The Agency expected political dissent to increase in Holland while it believed that the 'liquidation' of the Republic would have an obviously destabilising effect. The cost to the Dutch of the military campaign and the economic consequences of prolonged guerrilla warfare were all expected to have a significant effect on the capitalist world. As if this were not enough, the Dutch had broken the Renville Agreement truce and, in so doing, had 'weakened the prestige of the United Nations', thus compromising faith in Western concepts of international law and democracy and allowing the USSR to deflect charges that communists were solely responsible for UN failures.[1]

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[1] HSTL; Truman Papers; PSF, Intelligence File, Box 256; ORE 1949 (28, 29, 33, 39 - 41, 43 - 45); "Consequences of Dutch "Police Action" In Indonesia", ORE 40 - 49, 27 January 1949. MA; RG 6; Box 43, "Daily Intelligence Summaries, Jan. 1949", File 1, Summary No. 2310, 5 Jan. 1949.

The State Department, which had received assurances from the Dutch that they were willing to continue negotiations on the basis of Hatta's letter, responded to the outbreak of hostilities with shock. Not only had the Dutch jeopardised a wide range of US policies but they had defied Washington's diplomatic pressure for a peaceful transition to Indonesian independence. Robert Lovett, the Acting Secretary of State, was 'indignant' at the Dutch action and promised to raise the issue at the UN, while W. Walton Butterworth, the Director of the Bureau of Far Eastern Affairs, found it 'incredible' that The Hague had resorted to force.[2] Their sense of betrayal was transmitted to the Foreign Office, in London, by Embassy staff who made it clear that Washington felt embarrassed by the Dutch military action after having played such a central role in negotiations.[3] The State Department's belief that the Dutch action had severely damaged Western interests in Asia led Butterworth to observe that The Netherlands had done itself and other 'Christian nations' a grave disservice.[4] Yet, in many ways, the Administration was in a bind of its own making. Having consistently supported Dutch sovereignty in Indonesia and having been prepared to amend its original *aide-mémoire*, it had signalled to The Hague its reluctance to take strong action to impose its will on the negotiations. This impression had been compounded by Washington's reluctance to push the Cochran Plan and its failure, in 1947, to condemn the first "police action". It is hard to avoid the conclusion that the Administration's anger had more

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[2] PRO; FO 371/69783; Franks to the Foreign Office, 19 Dec. 1949. NA; RG 59; DF 1945 - 1949, 856D.00, Box 6440; Memorandum of a Telephone Conversation by Butterworth, of a conversation with Steere, 19 December 1948.

[3] PRO; FO 371/69786; Minute by Paul Grey, 20 Dec. 1948.

[4] Memorandum of Conversation by Butterworth, of a meeting with H. A. Helb (Netherlands Embassy), 18 Dec. 1948, FRUS 1948 VI, pp. 578 - 79.

to do with the fact that Holland, a client state, had decided to pursue its own agenda in preference to Washington's.

It soon became clear, however, that the Dutch military action had aroused widespread opposition both within the US and internationally. The Administration found that domestic opinion was heavily against the Dutch action and that this mood was reflected in Congress, where anti-Dutch sentiment might have jeopardised ECA appropriations to The Netherlands as well as the moves to create a Western security alliance. The scale of the threat posed to the Administration's policies was graphically highlighted by Senator George Malone's assertion that the Dutch could not have financed their military operations in Indonesia without US funds.[5] This theme was also taken up by Philip Murray, the President of the Congress of Industrial Organizations (CIO), who wrote on behalf of his six million members to complain that US aid was being used by The Netherlands 'for purposes inconsistent with the original intent'. Murray urged that the Administration take 'every feasible step in the realm of diplomacy and economics' to help terminate the Dutch aggression and to assure a speedy settlement.[6] The CIO's representations, and those of other like-minded organisations, put great pressure on the Administration to take strong action in the Security Council.[7]

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[5] NA; RG 59; DF 1945 - 1949, 856D.00, Box 6440; Butterworth to Bohlen, 7 Jan. 1949. *The New York Times*, 23 Dec. 1948.

[6] Philip Murray to the Secretary of State, 23 Dec. 1948 and Lovett to Murray, 3 Jan. 1949; *DSB* Vol. XX, Number 498, 16 Jan. 1949.

[7] PRO; FO 371/76108; Franks to the Foreign Office, 2 Jan. 1949.

The weight of domestic opinion in favour of UN action to halt the Dutch was complemented by the international concern. The Dutch attack was condemned throughout Asia, where the plight of Indonesian nationalists evoked much sympathy. The governments of India, Pakistan and Ceylon all withdrew airport and harbour facilities to the Dutch military while Australian dockworkers boycotted Dutch military shipments and students demonstrated in Burma, India and Pakistan.[8]

Once more, Australia and India were outspoken in their criticism. At the UNSC, the Australian Delegate, Colonel W. R. Hodgson, likened the Dutch assault to that perpetrated by Hitler on Holland in 1940,[9] while Nehru let it be known that he might break off diplomatic relations with The Netherlands. Like the domestic critics of US policy, Nehru told the US Ambassador, Loy Henderson, that he could not understand why the US, and the UK, could not bring effective pressure to bear on The Netherlands, which received so much financial and other aid from them. Although the State Department prevailed upon Nehru not to sever relations with The Netherlands,[10] the Indian Government did announce its intention to hold a conference for Asian nations, in New Delhi, to condemn the Dutch. To the Americans, it seemed as if their fears about an East-West split were being realised.[11]

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[8] McMahon, *Colonialism And Cold War*, p. 253.

[9] Letter from Critchley to the author, 6 Aug. 1998.

[10] NA; RG 59; DF 1945 - 1949, 745.56, Box 3997; 12 - 2048; Embassy to the Secretary of State, 20 Dec. 1948 and Henderson to the Secretary of State, 21 Dec. 1948 and Memorandum of Conversation by Joseph Sparks, of a meeting between Joseph Satterthwaite and Sir Benegal Rama Rau (Indian Ambassador), 22 Dec. 1948.

[11] Cochran to the Secretary of State, 3 Jan. 1949, FRUS 1949 VII pt. 1, pp. 119 - 21.

The Administration's public response in the days immediately following the Dutch military action reflected the indignation felt at Foggy Bottom. On 20 December, the ECA suspended allocations to the NEI and, two days later, Philip Jessup, the Acting US Delegate to the UN, told the Security Council that the US could not 'find any justification for the renewal of military operations in Indonesia.' His speech, in which he called for a cease-fire, the release of political prisoners and a withdrawal of Dutch troops to the status quo line, amounted to the strongest public rebuke delivered up to that time by Washington to The Hague.[12] However, the apparent toughness of the State Department's actions did not stand up to close scrutiny. For example, the Australians considered the cessation of Marshall Aid to the NEI as being 'little more than a gesture',[13] while Lovett admitted that the US wanted to take 'reasonable and moderate measures now' in order to avoid extreme ones later. He told the British Ambassador, Oliver Franks, that the ECA's suspension of aid for the NEI was an attempt to head off any congressional demand for a halt to funding for The Netherlands itself and to 'canalise the rising tide of popular indignation' at home.[14] The limits of Washington's willingness, or ability, to act were also demonstrated in the UNSC debate which Jessup had addressed and which was considering a US-sponsored resolution calling for a cease-fire, the withdrawal of Dutch troops to their 18 December lines, the release of political prisoners and a report from the GOC on events in Indonesia since 12 December, including an assessment of who was responsible for the outbreak of hostilities.

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[12] SCOR 1948, 389th Meeting, 22 Dec. 1948, pp. 42 - 49.

[13] AA; CRS A5954/1/2278/1; Australian Consul-General, Batavia, to the DEA, 23 Dec. 1948.

[14] Memorandum of Conversation by Lovett, of a meeting with Franks, 24 Dec. 1948, FRUS 1948 VI, pp. 602 - 03. PRO; FO 371/69787; Franks to the Foreign Office, 24 Dec. 1948.

When the UNSC voted on the resolution, on 24 December, Washington failed to obtain the necessary support to approve its demand for a Dutch withdrawal and an apportionment of blame.

The measures taken by the Administration in the days immediately following the second "police action" were public manifestations of the internal debate conducted within the State Department over what to do about the Dutch defiance of Washington's policies. They also reflected Washington's growing commitment to the UN, a policy shift made public in Truman's Inaugural Address, on 20 January 1949.[15] The Administration's room for manoeuvre was, however, limited by its wish to work with its allies. On the day that the Dutch launched the "police action", the Administration had begun a review of its policy options and Lovett had instructed Jessup to request an emergency meeting of the UNSC. He had also informed Jessup that the US did not see much point in remaining as a member of the GOC and had asked him to 'sound out' Security Council members on their willingness to apply economic sanctions to The Netherlands under Chapter 7 of the UN Charter.[16] Australian diplomats reported that US policy was directed, firstly, at stopping the fighting and, secondly, towards restoring the Republic's position. They were impressed by the State Department's actions, which they felt showed that it 'really mean(t) business'.[17] However, the State Department had also decided that it would not allow itself to become exposed to world opinion in the way it had

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[15] LaFeber, *America, Russia And The Cold War*, p. 81.

[16] Lovett to Jessup, 18 Dec. 1948, FRUS 1948 VI, pp. 577 - 78.

[17] AA; A3300/7/688; Australian Embassy, Washington to the DEA, 18 Dec. 1948.

been by the Dutch military action and Lovett, therefore, had made it clear to Jessup that he was only to request the UNSC meeting if other members agreed. On 20 December, Truman instructed Lovett that, while he wanted to 'properly label' Dutch culpability, he was not prepared for the US to take action which would be impossible to maintain because of a lack of international support.

Since the Administration was not willing to act unilaterally after the second "police action", the main emphasis of its efforts to repair the damage done to its prestige and to deliver a settlement in Indonesia switched to the UN. While, theoretically, it was within Washington's power to halt Marshall Aid to The Netherlands, the State Department consciously decided not to take any action beyond that which its allies would support and which could be agreed by the UNSC. So, when the UK Government rejected sanctions as an option, Washington saw that as the end of the matter and limited its action to the cessation of ECA aid to Indonesia. In the UN, it persuaded the Security Council to call for a cease-fire and the release of political prisoners captured in the second "police action"[18] but these steps hardly amounted to a radically different approach to the crisis. In fact, the Administration's cautious approach was dictated by the conflicting pressures which it faced and which prevented it from making an unambiguous commitment to Indonesian nationalism.

During the UNSC debate, Dean Rusk, the Director of the Office of United Nations Affairs, provided Jessup with a comprehensive briefing on the background

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[18] SCOR 1948, Resolutions and Decisions, 24 Dec. 1948, p. 12.

to the State Department's approach. Rusk's statement revealed the extent to which Washington's policy remained inherently conservative and reactive despite its professed support for decolonisation. He told Jessup that the Dutch action had brought 'into sharp conflict a number of important ... national interests', which Rusk described as including Washington's deep interest in the political and economic stability of Western Europe. He also emphasised Washington's support for the rapid development of self-government and independence for colonial peoples. In a further demonstration of the tightrope Washington was walking, Rusk said that the "police action" appeared to be a direct encouragement to communism in Southeast Asia and could not be condoned 'or wink(ed) at' and yet the Administration, he went on, had no intention of breaking totally with the Dutch over Indonesia because such a move would lead to 'splendid isolation' for the US. As to the Administration's future action, Rusk's priority was to secure a cessation of hostilities and he restated Washington's faith in a '*bona fide* effort' by the Dutch and the Indonesians to reach a political settlement. In supporting further negotiations Rusk showed how limited were the options available to the US, especially since the Administration felt that it did not have the strong support of either the British or the French. Indeed, Rusk made it clear to Jessup that the State Department's activity in the UN would, in part, be directed at mobilising public and international opinion to persuade the UK and France to take a tougher line.

Rusk's cable to Jessup was a frank admission of the thinking behind, and the limitations of, US policy in the aftermath of the second "police action". In policy terms, it revealed that little had changed beyond the increased sense of urgency

which was felt in Washington about the need for a negotiated agreement on decolonisation. Rusk's advice did not mean that The Administration had undergone a selfless conversion to freedom for the colonised but, rather, that it was worried about the communist threat to the West's interests in Asia. Not least amongst his considerations was concern that US prestige in Asia had been severely undermined by its association with colonial rule. Rusk stressed that one of Washington's prime objectives in dealing with the Indonesian question would, henceforth, be to demonstrate to Asians US interest in self-government. He explained the Administration's caution in terms of its desire not to 'become involved in a series of armed actions on cases arising before (the) UN' when he might have added that inaction by its allies and the consequences of its own failed policies had boxed Washington into a corner. Nevertheless, Rusk's cable showed that the Administration believed that it had gained a tactical advantage as a result of the Dutch action which would strengthen its chances of contriving a political settlement because, at the end of the day, Washington was '... pursuing (its) own interests and policies .... Today pursuit of our policy may make us critical of the Dutch; tomorrow pursuit of the same policy in different circumstances may make us equally critical of Indonesians.'[19]

By the end of the year, the sense of outrage which had affected the senior officials in the State Department and which had promised, in Australian eyes at least, a more determined effort by Washington to broker a political settlement, had evaporated. On 27 December, Jessup reported that The Hague had defied the

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[19] Rusk to Jessup, 23 Dec. 1948, FRUS 1948 VI, pp. 597 - 600.

UNSC by not complying with the cease-fire call or releasing its political prisoners.[20] Despite this, Hodgson reported to Canberra that the US appeared to have lost much of its enthusiasm for firm action and was more concerned with blocking the USSR than in securing a satisfactory decision in the Security Council.[21] A similar picture emerged from Washington, where William Lacy, the Assistant Chief of the Division of South East Asian Affairs, believed that the Administration's 'initiative was at least temporarily exhausted'.[22] Within a fortnight of the "police action" Washington was powerless to make any significant impact on the situation so long as it was unwilling to take action to impel the Dutch to reach a settlement.

The New Year, however, saw renewed pressure on the Administration to adopt a tougher stance. The Dutch, once more, demonstrated their determination to press ahead with their own policies, this time in defiance of the UN, and diplomatic developments encouraged Washington into a more active posture. Furthermore, Cochran underlined to the State Department the extent to which the US had been humiliated by the Dutch. The Administration's response to these developments amounted to yet another change in approach as it sponsored a Security Council resolution which, for the first time, was prescriptive in delineating the process which the Dutch would be expected to follow in transferring sovereignty in Indonesia.

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[20] Jessup to the Secretary of State, 27 Dec. 1948, FRUS 1948 VI, pp. 607 - 08.

[21] AA; A5954/1/2278/1; Lt. Col. W. R. Hodgson to the DEA, 27 Dec. 1948.

[22] AA; A3300/7/688; Australian Embassy, Washington to the DEA, 27 Dec. 1948.

In the first week of January, the UNSC returned to the Indonesian issue and examined the progress made by the Dutch in meeting the terms of the 24 December resolution and two additional resolutions adopted on 28 December. These later resolutions reiterated the call for a cease-fire and the release of political prisoners. In an attempt to mollify the UN, the Dutch had announced that cease-fires would be introduced in Java and Sumatra but that Dutch forces would retain the right to maintain law and order. The Dutch failure to comply fully with the UN cease-fire resolutions, and the continued captivity of the Republic's leadership, provoked a second outspoken attack by Jessup at the Security Council. Repeating the Administration's view that the "police action" lacked justification and explicitly condemning the Dutch for failing to comply with UNSC resolutions, he charged that the Dutch had violated the UN Charter. In dissociating the Administration from the Dutch military action he praised the Republic as the 'heart of Indonesian nationalism' and called for a resumption of talks, under the auspices of the UN, based on the Linggadjati and Renville Agreements and the Cochran Plan.[23] Even after Jessup's unprecedented public attack on the Dutch, the pressure on Washington to act increased when the GOC revealed that the Republican prisoners did not have the freedoms which the Dutch had assured the Security Council they enjoyed.[24]

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[23] SCOR 1949, 398th Meeting, 11 Jan. 1949, pp. 2 - 10.

[24] Raymond Lisle (Deputy US Representative to the GOC) to the Secretary of State, 16 Jan. 1949, FRUS 1949 VII, pp. 154 - 56. On 7 January, J. H. van Roijen, the new Netherlands Delegate to the UN, had asserted that some political prisoners had been released and that the remainder, held on the island of Bangka, were permitted to move about freely.

Washington was also finding it increasingly difficult to justify its policy internationally. Suspicions about Nehru's reasons for calling the New Delhi Conference led to a dialogue with the Indian Prime Minister to ascertain his thinking. In these discussions, Henderson explained Washington's position and secured from Nehru a public statement that the Conference was intended to supplement, not supplant, the work of the UN and that it was not the precursor to the creation of an Asian bloc. Despite this overt friendliness, the Indians made it clear that the UNSC's unwillingness to take enforcement action had angered Asian peoples and that the Conference should be seen as a 'regional demonstration' against the 'ineffectiveness' of the Security Council.[25] The British, too, were impressing on Washington the need for a solution in Indonesia, albeit from a different standpoint. Like the Americans, they were concerned about the possibility of Asia being lost to the West and had devoted much effort in trying to create an anti-communist front in Southeast Asia. With the collapse of the Kuomintang in China imminent, London was horrified at the impact of the Dutch "police action" on Asian opinion and the dangers it posed for the defence of British interests in the region.[26] The British fears about the growth in communist support were shared by the Office of Naval Intelligence, which told Truman that the repression of the Republic would strengthen the communists' position in Indonesia and that the

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[25] NA; RG 59; Records of the Office of British Commonwealth and Northern European Affairs, 1941 - 1953, Subject Files 1941 - 53, (Lot 54 D 224); Box 5; Australia - Summary Letters to and from Embassy; J. Harold Shullaw to Myron Cowan (Ambassador in Australia), 24 Jan. 1949.

[26] PRO; FO 371/76141; Dening to Frank Roberts (Principal Private Secretary to Bevin), 12 Jan. 1949.

USSR would use the Dutch action to stimulate anti-Western feeling and to gain converts in Southeast Asia.[27]

The Dutch action had also angered Cochran, who felt personally affronted. In the days leading up to the military assault he had been trying to persuade Hatta and Sukarno that negotiations were possible and had been pressuring them to make concessions to the Dutch. Having had his integrity compromised by the "police action", he angrily told Washington that he would be unwilling to mediate the dispute unless the US dissociated itself from the Dutch action and suspended ECA appropriations to The Netherlands. He also demanded that all military action be ended, prisoners released and that Beel, The Netherlands' High Representative in Indonesia, and the Dutch military commander, General Simon Spoor, be removed. Furthermore, he recommended the dissolution of the GOC, which he believed had outlived its purpose. Cochran also warned the State Department that, after the Dutch defiance of the UN, ECA aid was almost certain to be cut off by Congress and that it would be sensible to use it beforehand as a bargaining counter.[28]

Although, Cochran was called back to Washington, on 7 January, for consultations and to contribute to the debate about future policy, the main contours within which the Administration would act had already been settled. Washington remained unwilling to take any steps which would not command majority support in the UNSC, where US efforts to find a settlement were to be focused.

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[27] HSTL; Truman Papers; PSF; Intelligence File, Box 256; File : ORE 1949 (28, 29, 33, 39 - 41, 43 - 45); "Consequences of Dutch "Police Action" In Indonesia", ORE 40 - 49, 27 Jan. 1949.

[28] Cochran to the Secretary of State, 3 Jan. 1949, FRUS 1949 VII, pp. 119 - 21.

Immediately following Jessup's 11 January speech, the US Delegation circulated a draft resolution which embodied the gist of his condemnatory remarks and outlined a series of measures for resolving the dispute. Unusually, the draft resolution was published as a working paper in an effort to ensure that it secured substantial support before it was put formally to the UNSC. The US working paper was discussed extensively with other Security Council members and the Dutch, who found the document completely unacceptable. By 21 January, the draft resolution had been reworked to meet the concerns of Washington's allies and to incorporate elements of a Dutch Government proposal which was being developed - the final draft of the resolution included a timetable for the transition to independence which called for the creation of the FIG by 15 March 1949, for elections to be held no later than 1 October 1949 and for a transfer of sovereignty to take place no later than 1 July 1950. In line with State Department policy, the US was only one of four co-sponsors of the resolution - Cuba, Norway and China were the others - and it was adopted, on 28 January.

The passage of the resolution marked a sharp departure from earlier US policy in two significant ways. First, it represented a practical demonstration of Washington's decision to give up its unilateral attempts to secure a settlement in Indonesia. The resolution had been carefully crafted to ensure that it did not attract opposition, particularly from France. It was also praised by the Australians, who considered it to be 'the most vigorous and comprehensive attempt' yet by the UNSC to achieve a settlement.[29] The resolution also marked the first occasion on

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[29] FUL; Evatt Collection; External Affairs : Reports and Intelligence Summaries - 1949; Political Intelligence Summary 3/49, 3 Feb. 1949.

which the US had prescribed the framework of a settlement having previously been prepared to accept the outcome of bilateral negotiations between the Dutch and the Republic.

Within days of the adoption of the 28 January resolution, and despite its success in building an international coalition behind a UN-brokered peace process, the Administration's determination once again wavered. While consulting with the Dutch about the UNSC resolution, the State Department had been told that The Netherlands Government was preparing a fresh set of proposals for discussion with the Republicans. Now, in the full knowledge that The Hague was unalterably opposed to restoring the Republican Government,[30] and conscious that the UN decision had provoked a crisis in the Dutch Cabinet, Washington decided to allow the Dutch time to finalise their ideas in the hope that they would comply with the UN resolutions. The Administration also hoped that they would make the necessary 'psychological and political adjustment' to the new situation[31] and Cochran, who was appointed as the US representative on the new UN Commission for Indonesia (UNCI), was instructed not to press the Dutch too hard and to allow them a chance to bring forward their own plans.[32] This they did and, on 26 February, the Dutch published their latest proposals for a settlement.

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[30] Van Roijen, SCOR 1949, 406th Meeting , 28 Jan. 1948, pp. 6 - 19.

[31] Secretary of State to Baruch, 3 Feb. 1949, FRUS 1949 VII, pp. 203 - 04.

[32] PRO; FO 371/76108; Minute by Robert Scott, 9 Feb. 1949. Scott's minute recorded a conversation with Dickover of the US Embassy. The UNCI had been created under the terms of the 28 January resolution and could reach decisions by a majority vote. Its membership was unchanged from that of the GOC.

The Beel Plan, as the proposals were known, conceded a speedier transition to sovereignty than that contained in the 28 January resolution. The Dutch suggested that the interim government could be set up by 1 May 1949 with the transfer of sovereignty taking place two months later. The Beel Plan also announced the convening of a Round Table Conference (RTC) in The Hague, beginning on 12 March, to discuss the detailed arrangements for the transfer of sovereignty. While the Dutch said that republicans would be able to attend the RTC, it was made clear that the Republic's Government would not be restored before the talks began.[33] Perhaps as a mark of their displeasure with the Americans, the Dutch did not let the State Department have advance information about the contents of the Beel Plan. The Administration, embarrassingly, was forced to rely on the British to provide details of the Dutch proposals before they were formally published.

Nevertheless, by 23 February, J. Harold Shullaw, the Acting Chief of the Office of British Commonwealth and North European Affairs, was certain that the Plan would not work. He noted that the interim government would be created 'by imposition rather than negotiation', and that no other construction could be placed on the Dutch proposal so long as they refused to allow the restoration of the Republic's Government. Shullaw also pointed out that, despite the proposal to transfer sovereignty by 1 July, the Dutch did not actually intend to allow independence until the RTC had concluded. Perhaps with an eye to The Hague's past record, he thought that the discussions might be 'prolonged interminably'.[34]

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[33] McMahon, *Colonialism And Cold War*, pp. 281 - 82.

[34] NA; RG 59; Lot 54 D 224, Box 5; Australia - Summary Letters to and from Embassy; Shullaw to Cowan, 23 Feb. 1949.

By early March, the extent to which the State Department had accepted that no satisfactory settlement could be achieved without the restoration of the Republic was clear. In a note to the British, officials reported republican fears that the Dutch would use the RTC to install a pliant government in Indonesia which would then act as a front for the final destruction of the Republic. They also noted that a restored Republican government was the only body which would be able to call off the guerrilla war which had followed the "police action".[35] The Administration's rejection of the Beel Plan was formalised by Austin at the UNSC, on 10 March, when he denounced the Dutch for their continued failure to agree to the restoration of the Republic's government in advance of negotiations commencing.[36]

Washington was undoubtedly disappointed by the Dutch failure to bring forward proposals in accordance with the terms of the UN resolutions. However, its re-conversion to a more forthright posture did not result solely from the Beel Plan's inadequacies. It was also influenced by the situation in Indonesia, where The Netherlands' position had been hurt by the resignations of Dutch-supported federal governments in West Java and East Indonesia after the second "police action". Now, the Beel Plan provoked the Federalist Indonesians to come out in favour of the restoration of the Republic's government,[37] thus uniting all shades of Indonesian opinion behind the UN resolutions and making it easier for the Truman

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[35] Department of State to the British Embassy, 4 Mar. 1949, FRUS 1949 VII, pp. 297 - 99. The Administration was becoming increasingly aware of the effectiveness of the Indonesian resistance to Dutch occupation (George Kahin, *Nationalism And Revolution*, p. 417) and believed that only the Republican government could halt it.

[36] SCOR 1949, 416th Meeting, 10 Mar. 1949.

[37] PRO; FO 371/76121; Bevin to Franks, 10 Mar. 1949. Bevin's information was from Douglas.

Administration to insist on Dutch compliance. The military situation was also worsening as the Indonesians mounted an increasingly effective guerrilla campaign. On 6 February, Stikker had told Cochran that guerrilla activity was 'serious'[38] and it seemed as if the CIA's predictions about the detrimental effects of the "police action" were being realised. To make matters worse, the Dutch assault had led to the escape of about 40,000 communists taken prisoner by the Republic after the Madiun uprising,[39] a development which threatened not only increased resistance to the Dutch but the stability of an independent Indonesia. The crisis in Indonesia, therefore, demanded an early solution, which was acceptable to nationalists, to prevent escalating disorder.

The Administration was also confronted by growing political pressure in Congress to take a tougher line with the Dutch. Lovett's hope that the halting of ECA aid to Indonesia might satisfy critics appeared misplaced as the Senate began to debate an amendment to the Economic Cooperation Administration Bill, tabled by Senator Owen Brewster, which called for the ending of all aid to The Netherlands until it complied with UN resolutions. Brewster's opposition to Administration policy linked the cost of the Dutch military presence in Indonesia, about $1 million each day, with Marshall Aid, which he argued was being used to finance the Dutch military presence in Indonesia. For good measure, Brewster highlighted the Dutch use of US military hardware in Indonesia. The gravity of the

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[38] Cochran to the Secretary of State, 9 Feb. 1949, FRUS 1949 VII, pp. 212 - 23.

[39] NA; Records of the U. S. Joint Chiefs of Staff, Record Group 218 (RG 218); Geographic File 1948 - 50, Box 50; CCS 400 Indonesia (12-20-49); John Ohly to Edward Dickinson and Maj. Gen. Lyman Lemnitzer, 8 Dec. 1949. Butterworth to Webb, 24 Oct. 1949, FRUS 1949 IX, pp. 570 - 76.

threat posed to US policies in Western Europe by domestic political opposition grew as the deadline for the signing of the North Atlantic Treaty neared. In late March, Brewster questioned the Administration's willingness to accept Dutch membership of the North Atlantic Treaty Organisation (NATO) when signatories to the Treaty were required to resolve international disputes peacefully and in accordance with the UN Charter, a condition which The Netherlands clearly was not meeting.[40]

It was apparent that the Administration would not be allowed to sit back while a solution to the Indonesian question was found. Dutch intransigence over the restoration of the Republic's government and the opposition in Congress limited the Administration's options drastically - at stake was not just the future of Indonesia but also the recovery of Western Europe, if the Marshall Plan and the North Atlantic Treaty unravelled. Washington was also faced with the prospect of the imminent victory of the Chinese communists and an altered balance of power in Asia. At the beginning of the year, Henderson had told the Secretary of the Australian Department of External Affairs, John Burton, that US inaction was only temporary and that a stronger approach would be evident in two or three months time if the Dutch did not respond to pressure to reach a settlement in Indonesia.[41] According to Henderson, the failure of the Beel Plan alone should have been enough to trigger a new US attempt to obtain a settlement. However, the need to

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[40] LoC; Congressional Record, 81st Congress, 1st Session, 7 Feb. and 29 Mar. 1949.

[41] AA; CRS A1838/2/383/1/2/5; Burton to the DEA, 20 Jan. 1949.

end the turmoil in Indonesia was only one of a complex array of problems which confronted Washington in Southeast Asia.

The State Department responded to these challenges by reviewing its policy towards Southeast Asia and, at the end of March, produced a revised analysis of the situation in the region. The document, which as NSC 51 was approved as policy by Truman on 1 July 1949, also signalled a new determination to resolve the impasse in Indonesia. The paper noted that political turmoil affecting 'fully half' of Southeast Asia was threatening the achievement of Washington's long-term objectives for the region, which it defined as 'the eventual improvement of welfare ... and the calming of extreme nationalist passions' through economic development. Washington's strategy, the paper said, should be to promote gradual change in the economic relationship between Southeast Asia and the West by supporting political independence, which, in turn, would give Southeast Asian countries the 'impetus to diversify their economies'. In seeking this new dispensation, the State Department identified the 'futile' efforts of the Dutch to restore their pre-war relationship with the NEI as a major obstacle to change. Naturally, it was intended that the US should play a significant part in the evolution of Southeast Asian economies through private investment capital and Truman's recently announced "Point IV" aid programme. The paper did not, however, envisage swift change since Southeast Asia's traditional products - foodstuffs and raw materials - were needed in the short-term to promote West European, Japanese and Indian 'self-support'. Clearly, the State Department wanted to ensure America had a significant economic and

diplomatic role in Southeast Asia so as to secure its policy priorities of political stability and economic order.

The policy review also acknowledged the importance of the region in Cold War politics and the damage which the Dutch were doing to the West's cause. With not a little irony given Washington's desire to dominate economic development, the document asserted that 'the Kremlin seeks ultimate control over Southeast Asia as a pawn in the struggle between the Soviet World and the Free World'. Noting that Southeast Asia had 'no power potential' and was of only secondary importance, the document argued that the region's value lay not just in its role as a supplier of raw materials but as a cross-roads in North-South and East-West communications which, if lost to the Soviets, would endanger the base areas of Japan, India and Australia. It went on to say that the main danger to the West's position in the region came from the actions of the Dutch, in Indonesia, and the French, in Indochina, who both were undoing the 'salubrious effect created by enlightened American and British policy in Southeast Asia.', concluding that what was needed was an immediate settlement of both disputes on terms which were satisfactory to nationalists. The review stressed the deleterious effects of the Dutch presence in Indonesia, which was tying down 80,000 men who could be better used in the defence of Europe or working in Dutch factories. Finally, the State Department feared that, if the Dutch stayed in Indonesia much longer, the cost of 'this piece of adventurism' would be transferred to the US either through Marshall Aid or military assistance.

Having identified the Dutch as being 'now and in the long run the disruptive element in ... Indonesia', the policy review noted that the chaos and the rapid growth of communism could only be prevented by an early transfer of sovereignty. It also reflected a renewed determination that The Netherlands would not be allowed to deflect the Administration from its chosen course of action by threatening to withdraw from the North Atlantic Pact. However, to secure Dutch co-operation, the paper proposed that they should be given assistance, through the ECA programme, to help them adjust to the loss of Indonesia.[42] Although the policy review was not presented until the end of March, the thinking behind it had already begun to influence Administration policy towards Indonesia, particularly in respect of the impending creation of NATO and the military assistance programme aimed at bolstering European security.

The Administration's more aggressive approach had begun on 5 March, when Averell Harriman, now Washington's Special Representative in Europe, met Foreign Minister Stikker to discuss US plans for military assistance to Europe. Designed to complement the creation of NATO, the Military Assistance Program (MAP) was a central feature of the Administration's strategy for the defence of Europe. Harriman told Stikker that the Administration might be required by Congress to withhold military aid unless there was a settlement in Indonesia. Harriman implied that the State Department had only reluctantly come to this conclusion, having been forced to accept that Congress would not authorise the

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[42] NA; RG 218; Geographic File 1948 - 50 : 092 Asia (6-25-48) Sec. 1 - 4, Box 7; CCS 092 Asia Sec. 1.; PPS 51, "U. S. Policy Towards Southeast Asia", 29 Mar. 1949.

necessary appropriations in the absence of an agreement which conformed with Security Council resolutions.[43] However, Stikker clearly understood that the threat came directly from the Administration.[44] A week later, the Dutch position was apparently bolstered when the Western Union (WU) countries agreed that there should be "equality of treatment" under the MAP and that no WU member country should be discriminated against by Washington. In taking this stand, the WU escalated the problem into a trial of strength with the US and offered the Dutch a way of escaping the consequences of the Security Council resolutions should Washington's nerve fail.[45]

While the confrontation between the US and the WU continued, the UNSC met to consider developments since 28 January. Austin, in addition to denouncing the Beel Plan, again called for the restoration of the Republic's Government so that negotiations could begin.[46] His comments reflected Washington's conviction that the return of the Government to Yogjakarta was an essential precondition to the convening of a conference to discuss the transfer of sovereignty. State Department officials were, however, concerned that progress was being hindered by the antagonism, which had developed since 5 March, between Washington and The

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[43] Special Representative in Europe (Averill Harriman) to the Secretary of State, 5 Mar 1949. FRUS 1949 IV, p. 165.

[44] Stikker, *Men Of Responsibility*, pp. 145 - 46.

[45] The Western Union had been formed in March 1948, when the UK, France and the Benelux countries formed a military pact under the terms of the Brussels Treaty.

[46] SCOR 1949, 416th Meeting, 10 Mar. 1949, pp. 30 - 35.

Hague. The Americans turned to the British and Canadians for assistance[47] and, gradually, a formula to break the deadlock was devised. On 23 March, the UNSC adopted a Canadian resolution which proposed that a preliminary conference be held in Batavia to discuss the arrangements for the RTC and the return of the Republic's Government to Yogjakarta. On 29 March, the Dutch Government informed the UNCI that it would be willing to attend the Batavia conference but did so in such a way as to cause the State Department to believe that it still harboured reservations about restoring the Republic's Government and promptly complying with the Security Council resolutions.[48]

With the North Atlantic Treaty scheduled for signature on 4 April, Stikker went to Washington with the future of The Netherlands' participation in NATO and the MAP still in doubt. He met Acheson, now the Secretary of State, on 31 March and found that the Administration remained firm in its intention to exclude The Netherlands from the MAP unless it complied with the UN resolutions. Acheson told the Foreign Minister that the Dutch were in the wrong and were guilty of aggression against the Republic. He informed Stikker that, in his opinion, there was 'no chance whatever' of Congress authorising funds for military assistance to The Netherlands in the absence of a settlement in Indonesia and that ECA funding was 'gravely jeopardize(d)' by continued Dutch intransigence. Stikker responded to this frank assessment of the situation by telling Acheson that

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[47] BUL; Foreign Relations, Secretary's Memoranda : Visits of Foreign Dignitaries, 1944 - 52 (Microfiche Supplement) (Foreign Relations, Secretary's Memoranda); I. S. Humelsine to Acheson, 21 Mar. 1949.

[48] NA; RG 59; DF 1945 - 1949, 856D.00, Box 6441; Rusk to Acheson, 30 Mar. 1949.

The Hague was prepared, conditionally, to restore the Republican Government but that, if excluded from the MAP, the Dutch might not sign the North Atlantic Treaty.[49] During the next few days Washington succeeded in forcing the WU to recant its claim to "equality of treatment", leaving the Dutch exposed to the possibility of an arms boycott. In this situation, Stikker had no option but to agree to abide by the 23 March resolution. The Netherlands signed the Treaty and, on 5 April, the WU submitted a request for arms which omitted mention of "equality of treatment".[50] The next day, Congress formalised the Administration's stance by adopting an amendment to the European Cooperation Administration Bill, submitted by Senator Arthur Vandenberg, which replaced the Brewster Amendment and committed the Administration to withholding assistance from any government against which the UN was taking enforcement action.

The Batavia Conference opened on 14 April with The Netherlands' delegation led by J. H. van Roijen, the Dutch UN Delegate, the Republic's by Mohammed Rum and with the UNCI in attendance. From the outset the Conference was dominated by the question of the restoration of the Republic's Government and, within a week, an impasse had been reached. Disagreement centred on The Netherlands' demand for an end to guerrilla activity before it restored the Republican Government and its insistence that the Government's jurisdiction should extend no further than the city of Yogjakarta. The Republicans argued that it was unreasonable to expect them to call a cease-fire before their Government had

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[49] HSTL; Papers of Dean Acheson (Acheson Papers), Box 73; March 1949; Memorandum of Conversation by Acheson, of a meeting with Stikker, 31 Mar. 1949.

[50] Wiebes and Zeeman, 'US "Big Stick" Diplomacy', *IHR*, 14 (1) (1992), pp. 45 - 70.

met and they proposed that the Republic should take control of the entire Residency of Yogjakarta. As had happened in mid-1948, American diplomacy - particularly Cochran's - became crucial to the progress of the talks. Once more, Cochran operated independently of the UNCI and gave some Republican negotiators the impression that he was the agent of the State Department, with full power to make policy. According to these Republicans, Cochran exerted far more pressure on Rum to make concessions than he did on the Dutch. As an inducement to accept the Dutch demands, they reported that Cochran offered assurances that the US would 'stand behind' a transfer of sovereignty and would give substantial economic support to an independent Indonesia.[51] Despite the sense of injustice felt by the Indonesians, Washington did push the Dutch to accommodate the Republic. Although he initially supported the Dutch definition of the area to be restored to the Republic, Cochran changed his mind because he believed that the Republic had been pushed as far as it could go. When the Dutch refused to agree with him, Acheson intervened with Stikker to ensure a successful outcome to the talks.[52]

On 7 May, the Conference ended with the announcement of what became known as the Rum-van Roijen Agreement. The Agreement prevented further embarrassment for the US at the UN, where the General Assembly had decided to debate the situation, but it left the Indonesians and the Dutch unhappy at the compromises they had made. While Republicans succeeded, with Cochran's help,

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[51] AA; A1838/278/403/2/2/2; Critchley to the DEA, 4 May 1949. Kahin, *Nationalism And Revolution*, pp. 421 - 22.

[52] AA; A1838/278/403/2/2/2; Critchley to the DEA; 2, 4, 6 and 8 May 1949. NA; RG 59; DF 1945 - 1949, 856D.00, Box 6441; Butterworth to Acheson, 12 May 1949.

in having their Government restored to the Residency of Yogjakarta, they achieved this at the expense of agreeing to an interim government including Dutch-backed states, their status not confirmed by plebiscites, controlling two-thirds of its seats.[53] Like the Republicans, the Dutch Government thought that it had made more concessions than were required by the 23 March resolution.[54] However, the Agreement demonstrated that the State Department's tough line with the Dutch had generated momentum towards a final settlement and, in an effort to maintain progress, Acheson accepted Cochran's advice and decided not to restart ECA aid to the NEI until after a political settlement had been reached.[55]

The impression that the showdown between Washington and The Hague over military assistance marked a turning point in the Indonesian independence struggle was confirmed by the Rum-van Roijen Agreement and by the relatively smooth passage of events before the opening of the RTC. The Dutch, for so long resistant to any deal not on their terms, now concluded that the RTC would see a final settlement involving an early transfer of sovereignty and a 'light' union.[56] The Netherlands was, however, concerned that the Administration's decision not to resume ECA aid would increase the Indonesians' bargaining power. Acheson personally reassured Eelco van Kleffens, the Dutch Ambassador in Washington,

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[53] Kahin, *Nationalism And Revolution*, pp. 423 - 27.

[54] NA; RG 59; DF 1945 - 1949, 856D.00, Box 6441; Baruch to the Secretary of State, 19 May 1949.

[55] Secretary of State to Cochran, 24 Jun. 1949, FRUS 1949 VII, p. 454.

[56] NA; RG 59; DF 1945 - 1949, 856D.00, Box 6441; Memorandum of Conversation by Frederick Nolting, of a meeting with Mr Helb (Counselor, Dutch Embassy), 15 Jun. 1949.

that this would not be allowed to happen. He told van Kleffens that, following Dutch concessions, it would be up to the Indonesians to vindicate their position by coming to 'a reasonable and prompt settlement'.[57] The Secretary of State's comments reflected his desire for an agreement which promoted stability in Southeast Asia and did not 'vitiate' The Netherlands' position as a 'leading democratic nation'. While the Administration wanted the 'primary result' of the RTC to be independence for Indonesia, this was considered to be only a step, albeit an important one, towards the realisation of its broader policy objectives.[58] With the Dutch and the Americans committed to a solution, the Agreement reached at Batavia was implemented and, on 6 July, the Republic's leadership was released, its Government was re-formed and a cease-fire announced.

The RTC opened in The Hague, on 23 August, with delegations representing The Netherlands, the Republic and the non-republican Indonesians - the Federal Consultative Assembly (BFO) - present. Also in attendance, under the terms of the 28 January UNSC resolution, was the UNCI. It quickly became apparent that three issues would dominate and divide the Conference. The Republic was concerned that the NIU would not abridge the sovereignty of an independent Indonesia. The most significant areas of disagreement, however, concerned the amount of debt which Indonesia would assume from the NEI and the future of West Irian, which the Dutch wanted to retain.

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[57] HSTL; Acheson Papers; Memoranda of Conversation, Box 73; August - September 1949; Memorandum of Conversation by Acheson, of a meeting with van Kleffens, 12 Aug. 1949.

[58] Secretary of State to Cochran, 23 Aug. 1949, FRUS 1949 VII, pp. 474 - 78.

Notwithstanding the differences between the parties, Washington had no intention of allowing the RTC to fail. The State Department believed that the breakdown of the Conference would provoke either a communist uprising or another Dutch military action, either of which would have catastrophic consequences for its 'entire policy in the Far East'. The key to finding a solution lay, in officials' minds, in securing concessions from the Dutch which would meet the nationalists' 'legitimate aspirations' and which would smooth the way for a moderate nationalist leadership to take over the governance of Indonesia. CIA analysts argued that the best way to isolate the communist threat in Indonesia would be to accept the programme of 'limited nationalization' offered by the Republic and for Washington to provide economic and technical assistance to raise living standards. While hoping that the Dutch and the Indonesians would be able to reach an agreement, Washington stood ready, in the person of Cochran, to ensure that a settlement was reached.[59]

Despite the views expressed by Dutch officials in Washington that The Netherlands Government had decided on a 'light' union with Indonesia, the Republic found Dutch proposals unacceptable. Worried at the implications of the Dutch sovereign heading the NIU, Republican negotiators rejected proposals to establish a 'supreme judiciary' and a Council of Ministers with executive powers

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[59] HSTL; Truman Papers; PSF; Foreign Policy File, Box 177; Far East; "Report of Charles Deane", undated; Records of the National Security Council; CIA File (Special Evaluations - ORE), Box 2; NSC/CIA (5 - 11) - Intelligence Memoranda Dec. 1948 - Dec. 1949; CIA Intelligence Memoranda No. 209, 20 Sept. 1949; *Department of State Weekly Review* (*DSWR*), 5 Oct. 1949.

both of which would have jurisdiction over an independent Indonesia.[60] After a lengthy dispute over the form which the NIU should take, Cochran was asked to mediate and his compromise, under which the Dutch monarch assumed a symbolic role as head of the NIU, brought agreement. Cochran's solution effectively left Indonesian sovereignty untrammelled by Dutch interference and the NIU as an insubstantial institution.[61]

If the Republic was able to claim a success in the negotiations on the NIU, its positions on the debt question and the future status of West Irian were not sustained. The Dutch initially argued that the Indonesians should assume G6.1 billion of debts from the NEI while the Republic's counter-proposal was that the Dutch owed Indonesia G540 million.[62] The Dutch also demanded that the Indonesians allocate a portion of their foreign exchange earnings and all the revenue from tin production to service the debt repayments. Cochran's involvement in the resolution of this seemingly intractable problem illustrated the importance both he and the State Department placed on securing a settlement on terms which Washington considered to be fair. Cochran was determined to play a pivotal role in solving the debt issue and, when the Indonesian delegates suggested that the UNCI mediate the dispute, he ensured that only he represented the

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[60] NA; RG 59; DF 1945 - 1949, 856D.00, Box 6442; Memorandum of Conversation by Lacy, of a meeting with Sudjamoko (Representative of the Republic), 14 Sept. 1949.

[61] McMahon, *Colonialism And Cold War*, p. 299. Kahin, *Nationalism And Revolution*, p.434.

[62] For detailed accounts of the Dutch and Indonesian negotiating positions see McMahon, *Colonialism And Cold War*, pp. 300 - 01 and Kahin, *Nationalism And Revolution*, pp. 438 - 44.

Commission.[63] Eventually, it was a compromise put forward by Cochran which resolved the matter. He persuaded the Indonesians to accept G4.3 billion of debt, G900 million more than their final offer, while the Dutch wrote-off about G2 billion of their claim and dropped their claims to Indonesian foreign exchange earnings and tin revenues. Neither side was happy with the final debt settlement, which was sold to the Indonesians partly on the basis of promises of American aid by Cochran,[64] but it did result from a genuine acceptance by Cochran that both sides would have to give ground if the Conference was to be saved from collapse.

The final contentious issue at the RTC concerned the status of West Irian. Both Indonesian delegations, particularly the BFO, believed that the territory was indivisible from the rest of the NEI and that it should be included in the transfer of sovereignty. In support of their case, they cited the Linggadjati Agreement which had defined the putative USI as comprising the whole of the NEI.[65] To the Dutch, West Irian had assumed an enormous psychological importance which outweighed its economic value. The Dutch Government believed that its retention would allow it to save face with domestic opinion and was the only way of securing the two-thirds majority in parliament needed to ratify the constitutional changes which

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[63] NA; RG 59; Lot 54 D 224, Box 5; Australia - Summary letters to and from Embassy; Shullaw to Peter Jarman (US Ambassador), 17 Oct. 1949. Critchley had argued that the UNCI should make proposals but Cochran and Herremans had objected. Critchley's aim had been to prevent Cochran acting alone. (AA; CRS A1838/278/403/2/2/2; Critchley to the DEA, 16 Oct. 1949.)

[64] Interview with Thomas Critchley, Sydney, 12 Sept. 1996.

[65] United Nations Archive (UNA); Missions and Commissions, Good Offices Committee and United Nations Commission for Indonesia, 1947 - 1951; Non-Registry Files, DAG13/2.0.0, Box 18; R.T.C. Weekly Reports; Committee for Political and Constitutional Affairs Weekly Report No. 7 (1 - 7 Oct. 1949), 8 Oct. 1949.

would implement a transfer of sovereignty in Indonesia.[66] The Indonesian case found no support in Washington, where the State Department's preferred option was that the Indonesians be persuaded to give up their claim to West Irian in the belief that the Dutch economy, and Dutch prestige, required the continued possession of the colony.[67] In the interests of reaching a settlement at the RTC, Washington supported continued Dutch control but was prepared to see a Dutch trusteeship in West Irian, if opposition to continued Dutch control proved to be too great.[68] The Indonesians were not willing to accept a Dutch trusteeship and were unable to rely on support from the Australians, who also opposed Indonesian sovereignty over West Irian, and the issue became the last one to divide the Conference. Cochran was unwilling to see the RTC breakdown over the question of West Irian and eventually supported a compromise put forward by Critchley that the matter be deferred for one year, when it would be resolved by negotiation between Indonesia and The Netherlands.[69] The settlement of the West Irian question, like that of the debt issue, reflected the sympathy which the Americans still felt towards the Dutch. On the debt issue, the Republic accepted Cochran's assurances of US aid to mitigate the economic impact of the deal while the Dutch case for the retention of West Irian took precedence over the Indonesian contention,

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[66] Kahin, *Nationalism And Revolution*, p. 444.

[67] AA; CRS A1838/264/250/10/7/6; Australian Embassy, Washington to the DEA, 10 Nov. 1949.

[68] PRO; FO 371/76144; Franks to the Foreign Office, 25 Oct. 1949.

[69] UNA; Records of the UN Executive Assistant to the Secretary General (1946 - 1961) : Cordier); Records Relating to the UN Commission for Indonesia [UNCI], 1948 - 1951, Box 1; Indonesia I; J. A. Romanos (Principal Secretary to the UNCI) to Dr. D Protitch (Principal Director Department of Security Council Affairs, UN), 20 Oct. 1949. NA; RG 59; DF 1945 - 1949, 856D.00, Box 6442; Nolting to the Secretary of State, 20 Oct. 1949.

which had not been questioned until then, that the transfer of sovereignty should cover the whole of the NEI.

By comparison, the question of the transfer of sovereignty was relatively uncontroversial. Agreement was reached that sovereignty over the NEI would be transferred unconditionally to the Republic of the United States of Indonesia (RUSI) no later than 30 December 1949. The Conference closed on 2 November and the RUSI formally came into being on 27 December at a ceremony in The Hague.

The nationalists' assumption of power in Indonesia marked the end of over three hundred years of colonial rule while, for the Truman Administration, the ceremony at The Hague represented the final act of a four-year drama in which it had played only a reluctant part. American officials basked in the afterglow of the RTC convinced that they had scored a major victory and confident that Indonesia could now be saved for the West. To the State Department, the emergence of an independent Indonesia was an unalloyed success and America's role in its birth a diplomatic triumph. It believed that the RTC had delivered, by negotiation, a settlement which conformed with Washington's policy objectives. Nor was the Administration shy in associating itself with the victory of Asian nationalism over European colonialism. In March 1950, Henderson reminded his Indian hosts of the effort Washington had devoted to the creation of the independent Indonesia. He argued that Washington's policies had brought independence to Indonesia with as little human suffering as possible and without

the creation of 'deep-seated hatreds or lasting vindictiveness.'[70] Lacy, too, emphasised Washington's role in the RTC, which for him had been an 'amazing success' due to the 'miracles' performed by Cochran. Glossing over the debris of the preceding four years, Lacy asserted that the differences between the Dutch and the Indonesians had been resolved with 'remarkable ease', while Acheson thought that Indonesian-Dutch relations would 'be very good' and that the new Indonesian state would benefit from Dutch help and advice.[71]

The Administration also took full advantage of Indonesia's statehood in its Cold War battle with the Soviet Union. With the RTC successfully concluded, Senator Austin lambasted the USSR for 'sabotaging' earlier efforts for peace in the UN and cited Soviet denunciations of Sukarno and Hatta following their crushing of the Madiun uprising as evidence of its hostility to nationalist emancipation.[72] Washington complemented its attack on the USSR by using the resumption of aid to Indonesia to demonstrate its support for the new country. Immediately after the end of the RTC, the Administration restored the suspended ECA aid programme and, since Indonesia would not be eligible to receive it after the transfer of sovereignty, delivered the remaining $37.5 million worth of assistance in the form of rice, textiles and other goods in the seven-week period

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[70] Address by Henderson to the Indian Council of World Affairs at New Delhi, 27 Mar. 1950; *DSB* Vol. XXII, Number 562, 10 Apr. 1950.

[71] HSTL; Melby Papers, Box 9; Southeast Asia. General 1950 - 52; Speech by Lacy at the Institute of Public Affairs, University of Virginia, 11 Jul. 1950. "Crisis in Asia - An Examination of US Policy", Speech by Acheson at the National Press Club, 12 Jan. 1950; *DSB* Vol. XXII, Number 551, 23 Jan. 1950.

[72] Speech by Austin at the Rochester Institute on International Affairs, 7 Dec. 1949; *DSB* Vol. XXI, Number 547, 26 Dec. 1949.

between the end of The Hague Conference and independence.[73] Acheson ensured that Washington milked the event for its full propaganda value by having all the shipments marked with the Stars and Stripes.[74] Despite the uncomfortable reality that, officially at least, the agreement at The Hague had been mediated by the UN, the Truman Administration spared no effort in portraying the outcome as a success for itself.

Despite Washington's appropriation of Indonesian independence as a Cold War propaganda weapon, the possibility that Indonesia itself would become a battleground with the communists had not been a dominant theme in Washington's thinking about policy in the NEI. Of course, the Administration considered its policy towards the NEI in terms of its confrontation with the USSR, and later, the People's Republic of China (PRC). It was also encouraged to regard the Republic as radical and subject to internal subversion by Walter Foote, the Consul-General until October 1947, and by the Dutch. However, while helping to ensure that the Administration maintained its support for the Dutch, their reports did not provoke Washington to consider communism as a present danger in the NEI. More impressive, in the Administration's view, was the imminent success of the Chinese Revolution, which forced it to accept that it could no longer remain aloof from 'the colonial issue' if it wanted to secure the allegiance of newly independent states. The CIA argued that the affiliations of these new nations would be 'largely conditioned' by the attitudes of the Western and Soviet blocs to colonialism and

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[73] *The New York Times*, 25 Dec. 1949.

[74] NA; RG 59; DF 1945 - 1949, 856D.00, Box 6442; Acheson to Jacob Beam (Acting Consul-General, Batavia), 15 Dec. 1949.

their economic demands, matters the Agency considered too important to be left to the imperialist powers.[75] In Indonesia, the Administration's closer involvement in the process of decolonisation took the form of the Cochran Plan, which was motivated partly by Washington's desire to head off a growing communist threat to Hatta's Government. However, Washington soon found that the nationalists were more than capable of dealing with the communists, as the suppression of the Madiun revolt showed. Indeed, the threat posed by communism soon came to be seen, by the Administration, as one which would be solved by Indonesian independence under the leadership of Sukarno and Hatta.

The Administration's realisation that the Republican leadership was anti-communist quickly transformed its appreciation of the nationalists, who it now saw as a moderate alternative to the Dutch. Having supported The Netherlands as guarantor of US interests in the NEI, the Administration's new-found admiration for the Republic led it to adopt a more positive, yet still often hesitant, approach which favoured a quick transfer of sovereignty in Indonesia. This revised attitude did not, however, arise from a sudden rediscovery of traditional, supposedly principled, American support for decolonisation. Nor did it reflect Washington's promotion of trusteeship with its emphasis on the need to train dependent peoples to govern themselves, something which was clearly not provided for in the 28 January 1949 Security Council resolution. Instead, it was an entirely pragmatic response to the increasingly clear evidence that the Dutch

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[75] NA; Records of the Central Intelligence Agency, Record Group 263 (RG 263); Estimates of the Office of Research Evaluation 1946 - 1950, Intelligence Publication File, Box 2; ORE 25 - 48; "The Break-Up of the Colonial Empires and its Implications for US Security", ORE 25 - 48, 3 Sept. 1948.

would not be able to restore peace and prosperity to the colony. The second "police action" confirmed that, rather than bringing stability, The Netherlands' continued presence was provoking chaos and threatened to undermine the achievements of the Republican leadership as well as US interests. The Truman Administration concluded, therefore, that only a properly managed transition to independence offered the prospect of peace and economic rehabilitation in Indonesia. Furthermore, Washington judged that a pro-Western nationalist government could ensure The Netherlands' economic well-being and the re-integration of Indonesia into the capitalist economy.

If the objectives of US policy remained constant throughout the period of the Indonesian independence struggle, then so too did the outlook of the policymakers themselves. Given the State Department's historically Eurocentric attitude, it was unsurprising that officials, who felt most comfortable dealing with, and had more knowledge about, Europe should view the post-war world through this perspective. As a result, American policymakers were predisposed to support The Netherlands - for example, William Lacy, who as a senior official in the Division of Southeast Asian Affairs was central to the determination of policy towards Indonesia, was regarded as 'strongly pro-Dutch'.[76] Although The Hague rarely acknowledged this, the prejudices of the State Department officers dictated constant, though not necessarily uncritical, assistance to its European ally throughout the four-year independence struggle. Thus, the State Department's support for the Dutch led it to assume that they were willing to search for a solution

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[76] Letter from Critchley to the author, 6 Aug. 1998.

which would satisfy American, Indonesian and their own interests, an attitude which was only rejected in March 1949 when Acheson threatened to exclude The Netherlands from the MAP. Nevertheless, Washington's basic sympathy for the Dutch persisted through to the RTC, where Cochran ensured that Holland's economic and financial position was protected and its honour preserved with the retention of West Irian.

The pro-Dutch bias in US policy also conditioned the Truman Administration's view of Indonesian nationalism. Although born out of the first anti-colonial revolution, America revealed itself, in its policy towards Indonesia, as a nation profoundly worried by change and unable to understand nationalism. The inherent conservatism of Washington's position was clearly visible in its acceptance of Dutch sovereignty before the end of World War II and its subsequent deference to that sovereignty in the four years that followed. The Administration's acceptance of the trade embargo on the Republic and its toleration of the first "police action" thus signalled its preference for loyalty to its traditional allies. At the same time, Americans distrusted Indonesian nationalism as a disruptive force bent on undermining the *status quo* and possibly subverted by communists, a stance which did not alter until September 1948. The essentially defensive character of US policy was not, therefore, directed against communist aggression but in support of American and Western interests which, in the NEI, were bound up in maintaining Dutch rule. One consequence of this posture was that Washington could only react to events and the pressures exerted on it. So, Washington was forced to abandon its original intention to avoid association with the restoration of

Dutch rule at the insistence of the UK, The Netherlands and the Indonesian nationalists. Also, the Administration's unwillingness to exert its influence over The Hague ensured the futility of its efforts to prevent military action, while the State Department's determination of policy owed as much to domestic political, and international diplomatic, pressure as it did to the pursuit of a coherent plan to secure US interests. Even the Cochran Plan, the major US initiative to settle the dispute, owed more to Thomas Critchley than the Administration was prepared to admit.

The Truman Administration's all too overt celebration of its role in the attainment of Indonesian independence demonstrated how far policy had changed since the State Department's determination, in June 1945, that it would not become involved in the NEI. Its acknowledgement of responsibility for the diplomacy which led to Indonesian nationhood represented a reversal of the original decision to avoid entanglement in political turmoil in the colony. Notwithstanding the best efforts of those like Lovett, who believed that the Administration should not 'spread (itself) too thinly and ... (should) keep (its) commitments down'[77], Washington was forced to accept that its 'predominant power and influence' made it impossible to avoid involvement in Southeast Asia's independence struggles and that it must take responsibility for promoting its own, now global, interests.[78] It is hard to avoid the conclusion, however, that the Indonesian struggle for independence was prolonged by Washington's

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[77] Memorandum of Conversation by Lovett of a meeting with Jerome K Huddle (US Representative on the UN Commission for India and Pakistan), 4 Jan 1949, FRUS 1949 VI, pp. 1687 - 89.

[78] NA; RG 218; Geographic File 1948 - 50 : 092 Asia (6 - 25 - 48) Sec. 1 - 4, Box 7; CCS 092 Asia Sec. 1; "US Policy Towards Southeast Asia", NSC 51, 29 Mar. 1949.

unwillingness to accept the realities of the post-war world in which its own influence was dominant and where Europe was not the only place that mattered.

5. Indonesia : 'A Two-Day Wonder' (December 1949 - January 1953)

The day after the formal transfer of sovereignty, President Truman issued a fulsome statement welcoming Indonesia to the 'community of free nations'. Praising Sukarno as a 'great leader', Truman set the scene for future bilateral relations by promising Indonesia 'the sympathy and support of all who believe in democracy and the right of self-government' and he announced that Cochran would be the first American Ambassador to Indonesia.[1] The Australian Ambassador to Washington, Norman Makin, was not impressed by the American celebrations, as he informed his government. Questioning the depth of US commitment to Indonesia, he archly reported that the occasion of the transfer of sovereignty had been 'a two-day wonder' in the US and might have been even less conspicuous but for the 'unintended delay' in the granting of recognition to the new regime. Makin noted that Washington's attitude towards Jakarta[2] was conditioned by its expectation that Indonesia would assist in the containment of communism in Southeast Asia and that the end of hostilities would allow the reintegration of Indonesia into the world economy.[3]

Beyond the diplomatic niceties, Administration officials knew that much still needed to be done to cement relations with the new nation and that Indonesia faced many problems after its ruinous occupation by the Japanese and the post-

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[1] Statement by President Truman, 28 Dec. 1949; *DSB*, Vol. XXII, Number 549, 9 Jan. 1950.

[2] The capital of the independent Indonesia, formerly Batavia.

[3] AA; CRS A1838/278/406/9/3/2; Makin to the DEA, 11 Jan. 1950.

war movement for independence. However, Washington was confident that it could assist the new Indonesian government to complete successfully its transition to nationhood. US policy towards Indonesia remained largely unchanged from that which had obtained before independence. Washington wanted to maintain and strengthen 'a politically stable, economically viable, non-Communist state under a representative, progressively democratic government friendly to the United States and the other free nations'. Adjusting to Indonesia's new status, the Administration identified the preservation of the largely non-communist orientation of the Government and its people as a major task. Washington was also concerned to assist the Indonesian leadership maintain internal security and rehabilitate its economy. The Administration's belief that it could achieve its policy goals in Indonesia was influenced by its own optimistic assessment of the post-independence situation. The State Department contented itself that the US had won the confidence of the leaders of the new Indonesian Government and that none of its objectives had been 'voided or seriously threatened' since the transfer of sovereignty.

The State Department did, however, sense that it would need to modify its policies towards Indonesia if it was to counter successfully the appeal of Soviet propaganda. Identifying an Indonesian cultural bias towards the spiritual and the intellectual, the Administration noted that Soviet propaganda might be attractive to Indonesians because it operated on an ideological level. The State Department, which considered US strength to be materialistic in nature, resolved to be careful to show that it was sympathetic toward Indonesia's problems and

aspirations. It concluded that a more 'psychological' approach would be required if the continuing struggle for the hearts and minds of the Indonesians was to be successful.[4] No such subtle analysis affected Washington's outlook on economic matters in which Indonesia was seen as a 'vast reservoir' of raw materials waiting to be developed and exported to the free world.[5] The Administration's view of Indonesia's place in the economic world after its independence thus remained in harmony with its policy in the years preceding the Round Table Conference (RTC).

Also unchanged was the extent to which Washington was willing, and able, to concentrate its attention on relations with Indonesia. Before independence, the Administration had only become seriously interested in Indonesia when events there had forced its hand. The conclusion of the RTC ended one such period of involvement and, in the minds of Administration officials, presaged a less active phase in relations, a situation which was compounded by the outbreak of the Korean War, on 25 June 1950. Yet, the fighting also stressed the new nation's strategic and economic importance to America and exposed differences between the Americans and Indonesians over their respective attitudes towards communism and Cold War politics which were to bedevil US-Indonesian relations over the next decade. American over-optimism about Indonesia's

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[4] NA; RG 59; DF 1950 - 1954, 611.56D, Box 2821; Department of State Policy Statement : Indonesia, 27 Jul. 1950. The Policy Statement was substantially the same as an earlier draft, dated 11 April 1950. (NA; RG 59; Records of the Division of Research for the Far East : Reports 1946 - 52, (Lot 58 D 248), Box 2; DRF - DR-184 : Unedited Draft, Policy Paper : Indonesia; Policy Paper : Indonesia, 11 Apr. 1950).

[5] BUL; 28th Report of the Economic Cooperation Administration for the Public Advisory Board, 31 Oct. 1950. "Crisis in Asia - An Examination of US Policy", Speech by Acheson at the National Press Club, 12 Jan. 1950; *DSB* Vol. XXII, Number 551, 23 Jan. 1950.

future, combined with a mutual failure to understand the other party, caused the Administration to miss an opportunity to develop closer ties with the new nation.

The settlement of the Indonesian question at The Hague reduced the immediate importance of the newly independent state in Washington's eyes. No longer was Indonesia a major issue in world affairs but it did remain a country of great, though not critical, importance to Washington. The hostilities on the Korean peninsula pushed Asia to the forefront of Washington's Cold War priorities, emphasising Indonesia's strategic importance in relation to lines of communication and the network of offshore island bases. Additionally, its position as a producer of commodities vital to Western economies and US strategic stockpiles - such as rubber, tin, palm oil, and the cinchona bark used in the production of quinine - was highlighted. With the Administration fearing that it might soon be at war with the USSR, and calculating that it would lose access to Middle Eastern supplies in such a conflict, it took comfort that Indonesia's oil supplies, the 'only important source ... outside the Western Hemisphere', would remain available to the West.[6] In a more general sense, Indonesia retained political importance for Washington because of the example it represented to other developing nations. As the world's second largest Moslem country, with a population of about 75 millions, and as a nation which had recently emerged from colonialism, the Truman Administration believed that whatever fate befell Indonesia would have a profound effect upon the rest of Asia. Primarily, Washington wanted to demonstrate in Indonesia that co-operation with the West

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[6] NA; RG 59; DF 1950 - 1954, 611.56D, Box 2821; Rusk to the Secretary of State, 1 Aug. 1950.

would bring prosperity without overthrowing existing social and political systems.

The belief in Washington that, despite the serious problems it faced, Indonesia would successfully develop into a stable and prosperous nation was supported by early assessments of the situation. Of particular concern to the Administration was the threat that the PRC would encourage the spread of communism throughout the continent, a fear which was re-inforced by Communist Chinese involvement in the Korean conflict. Secretary of State Acheson was especially worried that the newly independent states, with their inexperienced governments, would be susceptible to communist subversion.[7] However, the Administration did not believe that Indonesia was significantly at risk from a communist take-over. American policy was based on a State Department assessment that communist activity was 'more subdued' in Indonesia than elsewhere in Southeast Asia.[8] Noting that communist organisation had been 'intermittent and inefficient', one report identified only a limited danger existing in the chaotic labour unions and the press. Of more pressing concern were the communists who had escaped captivity during the second Dutch "police action" but even this threat was offset by the faith Washington had in the nationalist leadership's anti-communism. The Administration's confidence that Indonesian leaders were aware of the threat posed by the communists was increased by the

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[7] "Crisis in Asia - An Examination of US Policy", Speech by Acheson at the National Press Club, 12 Jan. 1950; *DSB* Vol. XXII, Number 551, 23 Jan. 1950.

[8] NA; RG 59; DF 1950 - 1954, 611.56D, Box 2821; Department of State Policy Statement : Indonesia, 27 Jul. 1950.

emergence of the Masjumi party, an Islamic party which was considered to be 'impervious to Communist doctrine.'[9]

On the economic front, too, the prospects for the new country seemed bright. As early as March, State Department officials expressed the belief that Indonesia could 'pay its way' and that balance of payments estimates indicated that a viable economy could be maintained without dollar loans, albeit at an austere level. In an effort to improve Indonesia's economic situation, they were preparing to establish a credit line to facilitate an increase in trade between Indonesia and Japan and, given reasonable political stability, expected an increase in investment in Indonesia to improve the overall situation.[10] The position got better when the Korean War provided a boost to Indonesia's economy. As demand for its strategically important commodities increased, and amid fears that a third world war was imminent, so the prices Indonesia received for its exports rose with a consequently beneficial impact on its trade balance. The improvement was so dramatic that Cochran was able to report that Indonesia had moved from near bankruptcy to a position where it was in good financial shape.[11]

The growing perception in Washington that Indonesia was not in need of urgent attention was also bolstered by the confidence the Administration had in

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[9] HSTL; Melby Papers, Box 9; Southeast Asia. General, 1950 - 52; Report No. 5 of the United States Economic Survey Mission to Southeast Asia, May 1950, and Box 12; 1950 (Chronological File); September 16 - 30; Cochran to Melby, 28 Sept. 1950; Truman Papers; WHCF, Confidential Files, Box 41; State Dept. Correspondence 1950; Acheson to Truman, 3 Jan. 1950.

[10] NA; RG 59; Lot 54 D 190; Reel 1/39; Charles Shohan to Livingston Merchant, 16 Mar. 1950.

[11] HSTL; Melby Papers, Box 12; 1950 (Chronological File); Undated Documents; Statement by Ambassador Cochran, probably to the MDAP Survey Team and made on 3 or 4 Oct. 1950.

the new leadership. After the war, Washington had been greatly concerned about the extent of Japanese influence over the nationalist movement and its leadership's collaboration with the occupation forces. However, these doubts had been dispelled as Sukarno and, especially, Hatta had shown an almost slavish willingness to support American and UN initiatives to find a solution to the independence struggle. Now the President and Prime Minister of the RUSI respectively, Sukarno and Hatta were fêted as independence leaders of long standing and the people most capable of commanding support both in government and amongst the populace.[12] In particular, Sukarno's enormous popular appeal was seen as an important barrier to the spread of communism in Indonesia. There were, however, doubts about Sukarno's willingness to accept unconditionally American policies towards his country. Philip Jessup, now US Ambassador at Large, found him to be critical of the administration of the US aid programme in Asia and, perhaps more importantly, thought him to be under Nehru's influence.[13] Meanwhile, Hatta, though lacking Sukarno's charisma, was considered to be a friend of the US. It had been Hatta who persuaded the Indonesian delegations to the RTC to accept the deferral of the West Irian issue and, after becoming the RUSI's Prime Minister, he gave private and personal assurances to Washington that Indonesia would abide by the UN embargo of communist China.[14]

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[12] HSTL; Melby Papers, Box 9; File : Southeast Asia. General, 1950 - 52; Report No. 5 of the United States Economic Survey Mission to Southeast Asia, May 1950.

[13] NA; DF 1950 - 1954, Box 2821; "Jessup File"; Memorandum of Conversation by Jessup, of a meeting with Sukarno, 3 Feb. 1950.

[14] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3749; Rusk to Acheson, 15 Nov. 1950. AA; CRS A1838/278/403/2/2/2; Critchley to the DEA, 1 Nov. 1949. NA; RG 59; Records Relating to the Mutual Defense Assistance Program (Far East), 1949 - 54 (MDAP Records); Far East : Country

Despite the positive outlook which officials chose to adopt, there was much evidence that Indonesia's situation was worse than it appeared and that relations with the US would be more complex than was expected. Department of State analysts, reviewing the Indonesian situation for the Mutual Defense Assistance Program (MDAP), concluded that the legacy of World War II and the independence struggle had left the country with 'formidable economic, financial, administrative and political problems',[15] while Washington seemed to have misjudged the degree to which Indonesia would live up to the expectations placed upon it.

Notwithstanding the improvement in Indonesia's balance of trade during 1950, the country's economic and financial position was far worse than had been imagined. On taking office the new Government found that the Dutch had left the Treasury bare and, when Jessup travelled to Indonesia only a month after independence, he found that the Government had only $36 million of Marshall Aid to meet its commitments.[16] The effects of war had reduced Indonesia's exports to about one-half of the pre-war volume which meant that imports could not be paid for and the consequent shortage of imported consumer goods threatened to trigger an inflationary spiral. These difficulties were exacerbated

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Files I - P 1949 - 52; Indonesia 1949 - 1950; Silver to Vigderman, 22 Nov. 1950. Michael Leifer, *Indonesia's Foreign Policy*, (London, Boston and Sydney, 1983), pp. 27 - 28.

[15] BUL; OSS/State IR Reports Part VIII : Japan, Korea, Southeast Asia, and the Far East Generally : 1950 - 61 - Supplement (Microfilm); "Estimate of the Political, Economic, and Military Position of MDAP Countries. Part II - The Far East", Department of State Office of Intelligence and Research Report 5178 (2), 8 Mar. 1950.

[16] NA; DF 1950 - 1954, Box 2821; "Jessup File"; Memorandum of Conversation by Jessup of a meeting with Dr. Sjafraddin Prawiranegara, 3 Feb. 1950.

by the huge debt assumed at the RTC, the servicing of which placed great strains on already inadequate government revenues. Washington's immediate response, in February, to Indonesian requests for assistance was to grant a $100 million credit from the Export-Import Bank to improve food production and to rehabilitate transport infrastructure.[17] To many Indonesians, this new credit line seemed small recompense for the debt burden they had been persuaded to take on at Washington's bidding, especially since it had to be repaid with interest.[18]

As if its economic plight was not bad enough, Indonesia had few deployable resources of its own to use to improve its situation. The failure of the Dutch to educate and train Indonesians had left the country in a parlous state. Not only did the government lack trained administrators but farmers were largely ignorant of modern methods and the education and health services were short of competent staff. For a nation with its size of population, and comprising some three thousand islands, it is estimated that, at independence, the illiteracy rate was about 90 to 95 per cent and that there were only 1200 doctors and 120 engineers[19] which, in the highly-charged nationalistic atmosphere of 1950, left the country dependent on foreigners, particularly the Dutch, to carry out many of the tasks of government. To the new regime this was especially galling and this sense of injustice fed through into the conduct of Indonesia's external relations.

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[17] HSTL; Melby Papers, Box 9; Southeast Asia. General, 1950 - 52; Report No. 5 of the United States Economic Survey Mission to Southeast Asia, May 1950.

[18] Kahin, *Nationalism And Revolution*, pp. 443 - 44.

[19] HSTL; Melby Papers, Box 9; File : Southeast Asia. General, 1950 - 52; Report No. 5 of the United States Economic Survey Mission to Southeast Asia, May 1950. Jones, *Indonesia : The Possible Dream*, p. 42.

The complacency within the Administration which led to its superficially optimistic assessment of Indonesia's prospects also extended to its understanding of the domestic political scene. While the State Department concentrated its attentions on personalities, primarily Sukarno and Hatta, it ignored the much more complex inter-relationships within the Indonesian political scene. In what amounted to a primer for the State Department, Francis Galbraith, an Attaché in Jakarta, provided a detailed evaluation of Indonesian republicanism and its likely impact on Indonesian political life. Although Galbraith identified a multiplicity of political organisations, he also showed the extent to which they had similar aims and how the leading personalities were linked to each other. He pointed out that the 'republican front' included both collaborators and non-collaborators from the time of the Japanese occupation, those who had co-operated with the Dutch and those who had not, as well as communists and radical Moslems. Galbraith also advised Washington that Indonesian politicians, while they might belong to different parties or have incompatible ambitions, would invariably present a united front to the outside world. More important still, he added, were the personal ties between politicians related by blood or marriage. As if to emphasise the existence of an almost monolithic political structure, Galbraith warned Washington that Indonesian politicians had shared goals which transcended party lines. He pointed out that the inclusion of West Irian in the new state was one such aim along with the sometimes 'chauvinistic' desire to be free of colonialism and foreign, especially Dutch, domination.[20] Nevertheless,

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[20] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3748; Cochran to the Secretary of State, 22 Mar. 1950.

the Administration, including Cochran, persisted in characterising Indonesian political life in Cold War terms. More important to Washington were the relative strengths of the competing pro- and anti-communist 'bloc(s)' in Indonesia and it was to combat communist subversion that Truman authorised the first grant of aid to Indonesia, on 9 January 1950. The $5 million aid, provided under the Mutual Defense Assistance Act, 1949, was designed to strengthen the Indonesian constabulary in its fight against what Acheson told Truman was a 'serious internal Communist threat'.[21] While the money granted to Indonesia was only available to counter communism, Indonesia's more pressing internal security problems involved a revolt by renegade Dutch troops in West Java and an insurgency by an extreme Moslem grouping known as Darul Islam.

Washington also overestimated the new Indonesian regime's gratitude for its role in securing independence and thereby misunderstood the thinking behind Indonesia's neutralist foreign policy. Although Indonesian leaders were only too well aware of the central role the US had played in the struggle with the Dutch, they did not believe that Washington's involvement had been anything other than self-interested. In particular, they felt that the US had repeatedly urged the Republic to make concessions in return for promised long-term political gains which had not been forthcoming. The US was also blamed for the unfavourable terms on which the debt issue and the status of West Irian had been settled at The Hague Conference. While other major powers were also seen in the same light,

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[21] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3749; Cochran to the Secretary of State, 1 Aug. 1950. HSTL; Truman Papers; WHCF, Confidential Files, Box 41; State Dept. Correspondence 1950; Acheson to Truman, 3 Jan. 1950.

Indonesian dissatisfaction was directed mainly at Washington. Indonesians' disenchantment with the US combined with their own sense of importance in the world and revolutionary pride, to produce a foreign policy which Hatta called 'independent and active'. The policy was designed both to define Indonesia's role in a bipolar world and to appeal to a domestic constituency which had to be convinced that Indonesia would not be taken for granted nor would allow outside powers to compromise its interests.[22]

Cochran, for one, viewed the policy simply as a device to avoid worsening domestic division by not taking sides in the Cold War and dismissed the possibility that it might reflect Indonesian antipathy towards the world's powerbrokers. Describing Indonesian neutralism as 'illusory', he held out the prospect that UN membership would make the new regime 'more sensitive' to US policies.[23] Despite Washington's knowledge of Indonesian policy, it nevertheless came as something of a surprise when Jakarta refused to co-operate with the MDAP Survey Team which arrived in October. Cochran had initially advised Washington that the team would be welcome but it soon became apparent that the Indonesian Government was determined to resist a military pact with the US. Rather than accept US military aid in return for eventually allowing the West to develop bases on its territory, Jakarta told the team that it would only take arms from the US if they could be bought outright. The Indonesian Government advised John Melby, the Survey Team's leader, that, while it desired

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[22] Leifer, *Indonesia's Foreign Policy*, pp. xiii - xvii and 16 - 25.

[23] HSTL; Melby Papers, Box 12; 1950 (Chronological File); September 16 - 30; Cochran to Melby, 28 Sept. 1950. Indonesia became the UN's 60th member on 1 September 1950.

alignment with the US, it could not risk provoking the communists, who might cause its downfall. Although Melby acknowledged these fears, he argued that Indonesia should not 'be permitted' to continue its 'vacillation' and still keep Washington's 'sympathetic support'.[24] Melby's reaction to the Indonesian rebuff indicated that resistance to Washington's security plans for Southeast Asia would not be tolerated for long. However, if evidence was needed of Indonesia's determination to maintain its own stand on world issues, it had come when Hatta publicly announced that the war in Korea would have no impact on Indonesia's foreign policy.[25]

The Administration's problem with Indonesia over regional security was not the only area in which friction was evident in its relations with Jakarta. It soon became apparent that the Indonesian Government would not be prepared to allow any perceived interference in the internal affairs of the new country and, immediately after the transfer of sovereignty had been completed, directed its attention towards removing the Dutch-inspired federal system which had been imposed at The Hague.[26] The drive to create a unitary state caused concern in Washington, where there were fears that it would set back the stabilisation of

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[24] NA; RG 59; MDAP Records; Far East : Country Files I - P 1949 - 52; Indonesia 1949 - 1950; John Ohly to Lemnitzer, 21 Apr. 1950. HSTL; Melby Papers, Box 12; 1950 (Chronological File), May -- December; Melby to the Foreign Military Assistance Coordinating Committee, 23 Oct. 1950, covering Report No. 5 of the Joint MDAP Survey Mission to Southeast Asia.

[25] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3749; Cochran to the Secretary of State, 28 Jun. 1950.

[26] At The Hague, sovereignty had been transferred to the Republic of the United States of Indonesia (RUSI), which comprised sixteen federal states of which the Republic of Indonesia was the most important. Aware that the federal system had been part of the Dutch plan to destroy Indonesian nationalism and, after independence, concerned that the federal structure would not work, nationalist leaders resolved to create a unitary state.

Indonesia.[27] However, the speed with which the Republic of Indonesia peacefully re-absorbed the Dutch-created federal states left Washington with little to argue about beyond the Indonesians' disregard for The Hague Agreement and the methods used to eliminate the RUSI and its replacement by the Republic of Indonesia, on 17 August 1950.[28] Of greater long-term consequence was Washington's heightened concern about the perceived communist threat to Indonesia after the outbreak of the Korean War. Despite its anxiety, the Administration found that the Indonesian Government did not want outsiders telling it how to deal with its own people. Having already dealt with a serious communist insurgency in 1948, the Indonesians felt that they could handle the problem and 'save themselves'.[29]

Broadly similar tensions surfaced in discussions between US and Indonesian officials about the American aid programme. During his visit in February 1950, Jessup was strongly urged by both Sukarno and Prawiranegara Sjafraddin, the Minister of Finance, of Indonesia's desire that aid should be given without strings attached and that the US should not 'administer' the aid. In the face of Jessup's protestations that the US system required control of the aid programme, Sukarno argued that the situation for Indonesia was different and that the US had to take account of the psychological nature of the issue and not dwell on technical

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[27] HSTL; Acheson Papers; Memoranda of Conversation, Box 73; March 1950; Memorandum of Conversation by Acheson, of a meeting with van Kleffens, 21 Mar. 1950.

[28] HSTL; *DSWR*, 24 May 1950.

[29] HSTL; Melby Papers, Box 12; 1950 (Chronological File); Undated Documents; Statement by Ambassador Cochran, probably to the MDAP Survey Team and made on 3 or 4 Oct. 1950.

issues.[30] It also became clear that American aid would not be provided to relieve the inflationary pressures in the economy by supporting the importation of incentive goods. Instead, the Griffin Mission, sent to Southeast Asia to examine possible aid projects, recommended a programme amounting to $14.445 million covering mainly agricultural, health and educational assistance, the relative smallness of the proposed aid being determined by the Survey Team's belief that Indonesia was unable usefully to absorb large amounts of aid.[31] While the Griffin Mission's assessment of the Indonesians' capacity to make use of US aid may have been accurate, its recommendations came as a disappointment to a country which was relying on Washington's largesse, especially when the final aid provision was fixed at $8 million.[32]

If Washington judged the Indonesian Government by its attitude towards the communist threat, then Jakarta's litmus test for relations with Washington was the status of West Irian. At the RTC, Washington had supported the Dutch case to retain West Irian because it accepted that, without a Pacific colony the Dutch Government would not secure the necessary majority in Parliament for the transfer of sovereignty. Australia had also supported the Dutch, but for reasons of national security - Canberra did not want to see Indonesian sovereignty in

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[30] NA; RG 59; DF 1950 - 1954, Box 2821; "Jessup File"; Memoranda of Conversation by Jessup, of meetings with Sukarno and Sjafraddin, 3 Feb. 1950.

[31] HSTL; Melby Papers, Box 9; Southeast Asia. General, 1950 - 52; Report No. 5 of the United States Economic Survey Mission to Southeast Asia, May 1950. The Report notes that the Indonesians had not asked the US to support their balance of payments to allow the purchase of incentive goods. The Survey was headed by R. Allen Griffin.

[32] MA; Record Group 9, Radiograms; Blue Binder Series, Box 84; State Dept. - In, 1 - 14 February 1950; State Dept. to Supreme Commander Allied Powers, 4 Feb. 1950.

West Irian because it saw the whole island of New Guinea as vital to Australia`s defence. The new conservative government led by Robert Menzies, which had come to power on 29 December 1949, agreed with its predecessor's policy of opposing any change in the *status quo* in West Irian, fearing that Indonesia would not be strong enough to prevent instability there. Canberra also worried that the Indonesian Government had the longer term aim of taking control of Australian New Guinea in the eastern part of the island.[33] For the Dutch, the Indonesians, the Americans and the Australians the issue of West Irian had been deferred at the RTC and was to be settled before the end of 1950.

It soon became clear that a settlement would not easily be found. The Dutch and the Indonesians established a commission, in May, to prepare for the substantive talks required by the RTC. However, the Dutch Cabinet decided that it would not give up its sovereignty in West Irian. It argued that West Irian was neither ethnologically nor geographically part of Indonesia, that its people were too primitive to exercise autonomy, that the RUSI had to devote all of its energy into putting its own house in order and that The Netherlands, as a modern state, was best placed to administer and develop West Irian.[34] Jakarta rejected the Dutch case completely, arguing that the intention had always been that the whole of the NEI would be included in the transfer of sovereignty. Indonesians also pointed out that the people of West Irian could hardly be said to be closer

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[33] AA; CRS A4357/2/259/3; Statement by Percy Spender (Minister for External Affairs) in the House of Representatives, Canberra, 9 Mar. 1950.

[34] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3749; The Netherlands Ambassador to Acheson, 4 May. 1950.

ethnically to the Dutch than to Indonesians and that, if the Dutch were so concerned about the development of the colony, after 122 years of Dutch rule, its state of underdevelopment did not demonstrate a keen Dutch interest in the territory.[35] For Indonesians continued Dutch sovereignty over West Irian left their revolution unfinished and Sukarno, who was the embodiment of the Indonesian revolution, staked his reputation on incorporating West Irian into Indonesia by the end of 1950.[36]

While the protagonists both had great emotional involvement in the fate of West Irian, Washington could find little to get excited about. The State Department identified no strategic or security interest for the US in the colony and Cochran agreed with this assessment, saying that US interests were 'mineral, missionary and military (in) character'. The Administration's immediate instinct was not to become involved in an issue which meant that it would have to choose between two governments with which it wished to maintain good relations. Publicly, Washington professed to be neutral on the substantive issue of the sovereignty of West Irian and supported the resolution of the problem through bilateral talks. Privately, however, the State Department maintained the same policy that it had held during the RTC - that it would prefer a long-term Dutch trusteeship under UN auspices - and, as it had done then, advised the Dutch of this. In fact, Washington's level of disinterest in the matter led the State

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[35] LoC; Papers of Jeanne S. Mintz (Mintz Papers), Box 52; UN Delegation ... West Irian Controversy - Memo by Mintz; "Irian" by Jeanne S. Mintz, Aug. 1951. Mintz was the Press Officer for the Indonesian Delegation to the UN.

[36] FUL; Evatt Collection; External Affairs : Reports and Intelligence Summaries 1950 - 1954; Political Intelligence Summary, 6 Jan. 1950.

Department to conclude that it would be able to accept any solution so long as it had been agreed between the Dutch and the Indonesians.[37]

Talks, under the aegis of the Netherlands-Indonesian Union (NIU), began in The Hague in December but quickly became deadlocked. Sukarno, recognising that US influence could be crucial to the outcome, had appealed to Washington to support the Indonesian case and promised the 'lasting friendship and gratitude' of his nation if it did. His entreaty fell on deaf ears as the State Department was more impressed by the attitudes of The Netherlands and Australia who were, after all, fighting alongside the US in Korea.[38] The talks collapsed at the end of December amid mutual recrimination and with the Indonesians issuing warnings about the future of the NIU if sovereignty was not transferred.[39] The State Department, despite its worries about Indonesia's stability, accepted that the outcome undermined Mohammed Natsir's Government but preferred to side with The Netherlands and Australia.[40]

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[37] NA; RG 218; Geographic File 1948 - 50 : 092 Asia (6-25-48) Sec 1 - 4, Box 7; CCS 092 Asia (6-25-48 Sec 4); Rusk to Major James Burns (Office of the Secretary, Department of Defense), 22 Mar. 1950 and Foreign Service Posts of the Department of State, Record Group 84 (RG 84); Djakarta Embassy and Consulate, Confidential File, 1950 - 52 : 320.1 - 350, Box 26; 350 New Guinea Jan. 1950 - Dec. 1952; Cochran to the Secretary of State, 28 Aug. 1950 and James Webb (Acting Secretary of State) to Cochran, 11 May 1950.

[38] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3749; Cochran to the Secretary of State, 25 Sept. 1950.

[39] NA; RG 84; Djakarta Embassy and Consulate, Confidential File, 1950 - 52 : 320.1 - 350, Box 26; 350 New Guinea Jan. 1950 - Dec. 1952; Cochran to the Secretary of State, 15 Dec. 1950.

[40] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3749; Cochran to the Secretary of State, 14 Dec. 1950. After the inauguration of the Republic of Indonesia on 17 August 1950, Sukarno had become President, Hatta was his Vice-President and Natsir became Prime Minister.

Despite the conflict between Washington and Jakarta over the future of West Irian, the Administration believed that it had interests in common with Indonesia. The MDAP Survey Team had noted that the Indonesian Government's principal objectives were to establish internal security and develop a 'stable, democratic government along western-oriented lines', aims which Washington shared. Only Indonesia's neutrality in international affairs presented a difficulty for the Administration.[41] In normal times, the State Department believed, new nations could be allowed to learn from the failure of such 'mistake(n)' policies in the knowledge that they would develop 'inner equilibrium and stability'. However, times were not normal because, as officials argued, a single false step might deliver the 'novitiate' in to the arms of 'an armed thug' - the USSR - and this threat presented Washington with a policy dilemma, which was particularly acute as far as Indonesia was concerned. The State Department felt that if it did not help recently independent states to rectify their technical and material shortcomings then they were likely to collapse and fall to communism. However, officials also worried that the US would be damned as imperialist by 'the more edgy' nationalists if it did try to help. Washington's anxiety was also conditioned by its experiences in China and the Philippines, where governments had received US aid and had come to presume that they could rely on the US would meet their every demand for assistance.[42]

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[41] HSTL; Melby Papers, Box 12; 1950 (Chronological File), May -- December; "Summary Report No. 5 by Maj. Gen. G. B. Erskine, 24 Oct. 1950 attached to FMACC 33/10, 1 Nov. 1950.

[42] HSTL; "The United States and the Far East", *DSWR*, 30 Aug. 1950.

As far as Indonesia was concerned, Washington's assessment of the possible consequences of involvement, or non-involvement, resulted in the kind of indecision which characterised its policy on West Irian. By early 1951, pressure was mounting on the Administration to end its 'hands-off' policy and to deploy its 'strength and proven techniques of technical and economic aid' so that governments like those in Indonesia would be better able to overcome domestic criticism.[43] Within the Administration, too, there was growing concern about the direction of US policy, albeit from an altogether different perspective. Officials in the Office of Philippine and Southeast Asian Affairs made no secret of their frustration at, what they saw as, the Indonesian Government's ingratitude at US assistance. William Lacy, the Office's Director, was particularly upset at the half-hearted approval by the Indonesian Parliament of the $100 million credit line and at its tardiness in ratifying a bilateral economic agreement with the US. Arguing that Washington's policy had been to show 'patience and perseverance', he said that it had been decided to apply more pressure to make the Indonesians realise that 'friendship between nations must be a two-way relationship.'[44] Lacy's views were echoed by Jacob Beam, Counselor of the Jakarta Embassy, who castigated an Indonesian foreign policy which bracketed the US with the USSR for forcing reluctant nations to join one side or the other in the Cold War. Beam contended that Indonesians seemed to have forgotten the role played by the

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[43] LoC; Papers of Philip C. Jessup (Jessup Papers), Box I 170; Philip Jessup - UN General Correspondence 1944 - 52; "Memorandum on Issues of International Security Policy Affecting ECA Operations" by Harlan Cleveland and H. van B. Cleveland, Jan. 1951.

[44] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3750; Lacy to Willard Thorp (Assistant Secretary for Economic Affairs), 15 Feb. 1951.

US in its attainment of independence as well as the economic aid which had come from Washington.[45]

Not surprisingly, officials like Lacy and Beam viewed Indonesian reactions to US policy from the position of being the instigators and exponents of that policy. At a time when the US was involved in the first armed confrontation with communism, in Korea, the urgency of their desire to shore up the West's position in Asia is obvious. Less understandable is the way that the State Department defined Western interests, particularly when it came to issues of importance to Indonesia, such as the status of West Irian. While the future of the Dutch colony was deemed by Washington to be relatively unimportant, the internal security of the Indonesian state and its continued ability to export crucial commodities to the West were of vital concern in Washington. Of course, the Administration had every right to determine for itself what its objectives were in Indonesia. However, this process occurred in such a way that, once decided, the State Department became unwilling to countenance any suggestion that either the objectives were wrong or that the tactics deployed to secure them were misplaced. In part, the Administration's readiness to view the Indonesian Government and its people in negative terms contributed to its sometimes patronising attitude towards their concerns and the subsequent dismissal of them.

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[45] HSTL; Papers of George McGhee (McGhee Papers); Regional Conferences of US Diplomatic and Consular Officers 1950 - 1951, Box 2; Department of State, South Asia Conference, Nuwara Eliya, Ceylon, 1951, Feb. 26. - Mar. 3; Report of the South Asia Regional Conference of United States Diplomatic and Consular Officers.

To the exclusion of all else, Cold War priorities formed the basis of US policies towards Indonesia. The Administration's first priority was to 'firmly align' Indonesia with the West by means of 'friendly assistance' or, at a minimum, to preserve its non-Communist orientation. To this end, Washington's policies were aimed at protecting the state against internal subversion and at promoting democracy, objectives which, it was thought, were shared with Jakarta. To the Administration, Indonesia's role as a supplier of strategically vital raw materials gave it an importance beyond the purely political and formed the basis of a mutually beneficial relationship. In 1950, Indonesia had supplied 35 per cent of US tin imports and 30 per cent of its natural rubber and was, as a result, critical to US efforts to stockpile these strategic raw materials. The State Department believed that its purchases of Indonesian commodities, and the high world prices occasioned by the Korean War, were of incalculable benefit to the Indonesian economy both as a source of revenue and because of the favourable terms of trade, which allowed Indonesia to finance imports from the US.[46]

The sense that the US-Indonesian relationship consisted almost exclusively of benefits flowing from Washington to Jakarta was compounded by the view held by some Administration officials that Indonesians were unworthy of Washington's largesse. Cochran regarded Natsir's Government as weak and responsible for the 'misuse and non-use' of US aid for the constabulary while Beam found Indonesians to be 'thriftless and not very industrious'. These

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[46] NA; RG 59; Lot 58 D 248, Box 2; DRF-DR-227, Review of US Policy towards Indonesia, 27 Apr. 1951 and DRF-DR-222, Indonesia : Terms of Trade for 1938, 1949, Nine Months of 1950.

unflattering views were reflective of an attitude of mind which pervaded US relations with Indonesia, especially after independence. They were the external expressions of a pattern of behaviour based on the perceived strength of the US and Indonesia's innate weakness. Cochran, for one, believed that Asians were 'susceptible to successful demonstrations of power' of the kind then being deployed by the US in Korea and that this was the way to secure Washington's objectives in Indonesia.[47]

In March 1951, Washington's hopes for a stable political environment in Indonesia were dealt a blow when Mohammed Natsir's Government collapsed after only seven months in office. Having seen the drive for a unitary state dominate Indonesian political life during 1950, the failure of the Republic's first government was a setback to prospects for sound government. Natsir's period in office had coincided with the Administration's growing impatience at the lack of progress in Indonesia and, to that extent, his fall reflected the inability of the leadership to solve the multiplicity of problems it faced.[48] However, his government's failure also resulted from the internal political tensions created by the breakdown of the talks to recover West Irian. With Sukarno wishing to challenge the Dutch through their economic interests in Indonesia and by ending

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[47] NA; RG 59; Records of the Office of Western European Affairs 1941 - 1954, Subject Files 1941 - 54 (Lot 56 D 37), Records Relating to Indonesia, Netherlands East Indies and Netherlands New Guinea, 1948 - 1951, Box 1; Indonesia 1951; Lacy to Rusk, 19 Mar 1951. HSTL; McGhee Papers; Regional Conferences of US Diplomatic and Consular Officers 1950 - 1951, Box 2; Department of State, South Asia Conference, Nuwara Eliya, Ceylon, 1951, Feb. 26. - Mar. 3; Report of the South Asia Regional Conference of United States Diplomatic and Consular Officers and Melby Papers, Box 12; 1950 (Chronological File); September 16 - 30; Cochran to Melby, 28 Sept. 1950.

[48] See, for example, *The New York Times*, 3 Jan. 1951.

the NIU, Natsir found himself being forced to take a tougher line on relations with the Dutch and this re-positioning placed stress on his Administration and contributed to its demise. Washington's sanguine analysis of the importance attached to the recovery of West Irian by Indonesians had been almost totally misjudged and the end of Natsir's ministry represented the point at which West Irian became a 'test of national rectitude' in Indonesia.[49]

Natsir's Government was also perceived, in Washington, as being weak in the face of the growth of the PKI, which had been making a slow, but steady, recovery from its near-destruction after the abortive Madiun uprising. Galbraith was particularly concerned that the communists had been allowed, by Government inaction, to reorganise and to attain a position of strength from which they threatened, in his view, to strike a crippling blow against the new state. Galbraith did not, however, solely blame Natsir for the failure to rein in the PKI. He also noted that Sukarno's approach to government had contributed to the situation. Although Sukarno was anti-communist, Galbraith argued, his main objective was to unite all shades of political opinion in order to achieve 'real self-government' in Indonesia, an outlook which led him to eschew attacking 'his constituents - the whole Indonesian people', including communists.[50] The Administration was much more impressed with the anti-communist credentials of

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[49] Leifer, *Indonesia's Foreign Policy*, pp. 31 - 32.

[50] HSTL; McGhee Papers; Regional Conferences of US Diplomatic and Consular Officers 1950 - 1951, Box 2; Department of State, South Asia Conference, Nuwara Eliya, Ceylon, 1951, Feb. 26. - Mar. 3; Report of the Southeast Asia Regional Conference of United States Diplomatic and Consular Officers. NA; RG 59; DF 1950 - 1954, 756D.00, Box 3750; Memorandum by Francis Galbraith, undated, attached to Cochran to the Secretary of State, 20 Aug. 1951.

the new Indonesian Government, which took office in May 1951. Led by Dr. Wirjosandjojo Sukiman, it demonstrated the willingness to deal with the PKI which the State Department felt had been lacking before. Washington was favourably impressed by Sukiman's ability to stand up to pressure from Communist China and when, in August, the Government ordered the arrest of prominent communists, including fourteen members of parliament, the Administration began to believe that Indonesian leaders were, at last, taking the domestic communist threat seriously.[51]

Washington's new-found confidence in the Sukiman Government was also based on evidence that it was prepared to pursue more openly pro-Western policies internationally. Although it remained committed to the "independent and active" foreign policy, the Government showed evidence that it would be willing to side with the US on issues of concern to it. Within days of taking office, the Government re-affirmed its support for the UN embargo on rubber supplies to China[52] and, on 8 September, it signed the Japanese Peace Treaty thus boosting greatly Washington's chances of establishing Japan as a regional economic power and anti-communist bulwark. The Administration was particularly pleased at this development, which Lacy regarded as 'the most significant step which Indonesia ... has taken toward alignment with the Free World'. Lacy was especially impressed since the Indonesian decision seemed to

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[51] HSTL; PSF, National Security Council Files, Box 214; 103rd Meeting of the NSC, 26 Sept. 1951. *The New York Times*, 15 Oct. 1951.

[52] Leifer, *Indonesia's Foreign Policy*, p. 32.

indicate a rupture in the Asian neutralist alliance - India and Burma both having abstained from the San Francisco Conference at which the Treaty was signed.[53]

Although continued Indonesian participation in the UN embargo and its support for the Japanese Peace Treaty were welcome, Washington was principally concerned to involve Indonesia in its security arrangements for Southeast Asia. Just as the Sukiman Government took office, the National Security Council (NSC) had concluded a review of US policy in Asia, which had highlighted Indonesia's strategic position, its economic wealth and its political importance as an independent, non-communist nation as 'assets to the security of the United States in the Pacific.' In the light of this analysis, the NSC decided that a prime objective of US policy 'must be' to wean Indonesia away from its neutralism and towards greater participation in regional security measures.[54] Washington's renewed desire to see Indonesia more closely involved with its anti-communist activity in Southeast Asia came at a time when the Indonesian leadership did not reject such a possibility out of hand. On a visit to Jakarta, in July, the Australian Minister for External Affairs, Richard Casey, gained the impression that only the timing, and not the principle, of such involvement was in doubt. Encouraged by this, the Administration used the San Francisco Conference to make indirect approaches to the Indonesian delegation in an attempt to assess the likely response to any formal offer of talks about joining a

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[53] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3750; Lacy to Acheson, 10 Sept. 1950. The Indonesian Parliament did not, however, ratify the Treaty.

[54] HSTL; Truman Papers; PSF, National Security Council Files, Box 212; 91st Meeting of the NSC, 16 May 1951; "United States Objectives, Policies and Courses of Action in Asia", NSC 48/5, 17 May 1951.

Pacific pact.[55] A few days after the Conference ended, the Indonesian Foreign Minister, Achmed Subardjo, visited Washington for a meeting with Acheson which officials expected would cover possible overt or covert US support for Indonesia.[56] While the Australians remained unconvinced of the Indonesians' willingness to enter into a security pact with the Americans, Cochran began discussions with Subardjo in an effort to tie Indonesia into a closer military relationship with the US in return for arms supplies.[57]

If the Sukiman Government's domestic and foreign policies gave Washington cause to believe that relations with Indonesia were improving, then the unresolved problem of the future of West Irian continued to dampen US optimism. The failure of the December 1950 talks had convinced Washington that the issue was giving Indonesia an excuse 'to radically modify' the RTC agreements, particularly co-operation with the Dutch through the NIU. On 8 January, the State Department urged both sides, in identical letters, to settle their differences in a spirit of co-operation but, fearing a unilateral abrogation of the NIU by Jakarta, it rejected a suggestion by Casey that pressure be put on the Indonesians not to raise the issue at all.[58] If Washington hoped that, by

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[55] AA; CRS A1838/2/TS383/6/1; "Suggested Indonesian Participation in Pacific Security And Its Possible Bearing On The West New Guinea Issue", attached to Casey to McIntyre, 3 Oct. 1951.

[56] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3750; Lacy to Acheson, 10 Sept. 1950.

[57] AA; CRS A1838/2/TS383/6/1; "Suggested Indonesian Participation in Pacific Security And Its Possible Bearing On The West New Guinea Issue", attached to Casey to McIntyre, 3 Oct. 1951. Leifer, *Indonesia's Foreign Policy*, p. 33.

[58] NA; RG 59; Lot 58 D 248, Box 2; DRF-DR-227, Review of US Policy towards Indonesia, 27 Apr. 1951. NA; RG 59; DF 1950 - 1954, 756D.00, Box 3752; Department of State Instruction CA-5731, 10 Apr. 1954 and Bureau of Far Eastern Affairs, Southwest Pacific Desk Files (Lot 58 D 614), Australia and New Zealand Desk Files, Subject Files 1949 - 58; Fourth ANZUS Council Meeting, June 1954; Speaking Paper (D5/4) : Western New Guinea.

distancing itself from the dispute, it would retain the trust of the disputants then it was badly wrong. Beam reported that many influential Indonesians simply did not believe Washington's protestations of impartiality while the Dutch encouraged the Australians to use their influence with the Administration to secure a more obvious commitment to the *status quo* in West Irian.[59]

In fact, the Australians needed no encouragement to try to persuade the State Department to take a tougher line with Indonesia. Canberra had, since Indonesian independence, harboured misgivings about Washington's willingness to commit itself to the defence of Southeast Asia, which, for the Australians, included supporting Dutch sovereignty over West Irian.[60] To the Menzies Government, Washington's hope that the matter could be solved in bilateral talks opened up the possibility, however remote, that the Dutch might concede sovereignty over West Irian 'with grave consequences for Australian security'. Canberra had already told the Dutch that, if they left West Irian, then Australia would move into the colony and so, to avoid the unpalatable repercussions that such action would provoke, its preferred option was that the matter was left in "cold storage" and not discussed at all.[61] Undoubtedly, Menzies' election, which had removed the troublesome Evatt from the scene, had improved Australia's

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[59] HSTL; McGhee Papers; Regional Conferences of US Diplomatic and Consular Officers 1950 - 1951, Box 2; Department of State, South Asia Conference, Nuwara Eliya, Ceylon, 1951, Feb. 26. - Mar. 3; Report of the South Asia Regional Conference of United States Diplomatic and Consular Officers. AA; CRS A1838/272/250/10/7/6; Casey to Menzies, 19 Nov. 1951.

[60] AA; CRS A1838/272/250/10/7/6; Unsigned and undated memorandum to Alfred Stirling (Australian Ambassador in The Hague).

[61] LoC; Mintz Papers, Box 52; File : UN Delegation ... West Irian Controversy - Miscellaneous Undated; Notecard "Chronology 1950". AA; CRS A1838/272/250/10/7/6; Menzies to Spender, 30 Nov. 1951.

ability to be heard in Washington but its position was immeasurably improved when, in September, it signed the ANZUS Treaty with New Zealand and the US and by the election, in October, of a Conservative Government in the UK, led by the "cold warrior", Winston Churchill.

Australian fears about the direction US policy on West Irian was taking were further aroused as the Indonesian Government made renewed efforts to gain sovereignty over the colony. In mid-October, Subardjo gave Cochran details of a proposed settlement which involved the transfer of sovereignty over West Irian to Indonesia and the granting, by Indonesia, of national treatment to Dutch, American and Australian citizens in West Irian. Subardjo's offer also included guarantees for these countries' enterprises involved in developing the territory's natural resources. Although the proposal was unacceptable to the Dutch, the State Department believed that the Indonesian initiative might offer the chance of a compromise being achieved. With this in mind, Frederick Nolting, the Assistant to the Deputy Undersecretary of State, and Cochran advised Acheson, who was due to meet Casey in Paris, to see whether the Australians were interested. They hoped that Casey might agree to modify Canberra's opposition to a change in sovereignty in order to extract from the Indonesians agreement to a trusteeship arrangement involving Indonesia, The Netherlands and, possibly, Australia.[62] However, Casey adamantly refused to countenance a change in Australian policy and told Menzies that he would make this clear to the Dutch.[63]

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[62] NA; RG 84; Djakarta Embassy and Consulate, Confidential File, 1950 - 52 : 350 - 360.2, Box 27; Nolting and Cochran to Acheson, 16 Nov. 1951.

[63] AA; CRS A1838/272/250/10/7/6; Casey to Menzies, 17 Nov. 1951.

Canberra's belief that Washington was trying to find a solution to the West Irian problem which satisfied Indonesia's main aim was heightened when, on 23 November, Wyberley Coerr, the Indonesia Desk Officer at the State Department, met Australian Embassy officials to discuss West Irian. He suggested that it was in nobody's interest that the Sukiman Government fall and asked the Australians to comment on the 'hypothetical' possibility that a transfer of sovereignty over West Irian might be linked to an Australian-Indonesian defence agreement which gave Canberra air bases and port facilities in the disputed territory. The Embassy officials reiterated Canberra's position on the sovereignty issue and reminded Coerr that Australia thought it best that the issue be 'bedded down'. With the UK supporting Canberra, Percy Spender, the Australian Ambassador in Washington, remained convinced that Cochran was discussing a compromise with Subardjo despite receiving a denial when he discussed the matter with James Webb, the Acting Secretary of State.[64] Although the Dutch had announced their intention to incorporate West Irian into the Kingdom of The Netherlands by amending their Constitution, the apparent American efforts to find a solution to the problem coincided with the opening of another round of talks in The Hague between The Netherlands and Indonesia.

In the same way as Washington viewed Indonesia as the problem, when it came to the future status of West Irian and regional security, so it did when it came to aid. The perception that Indonesians were ungrateful recipients of US

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[64] AA; CRS A1838/272/250/10/7/6; Australian Embassy in Washington to Casey, 23 Nov. 1951 and Spender to Menzies, 30 Nov. 1951.

aid, and not a proud people whose sense of independence was affronted by their need for assistance, dominated in the State Department. This attitude was compounded, despite Lacy's assertion that Washington had shown "patience and perseverance", by an unwillingness to give the new Indonesian leadership time to tackle the huge problems they faced. So it was that, in June, Cochran advised Hatta that 'repeated changes' in the Indonesian Government and the consequent uncertainties about policy direction restricted both the extension and assimilation of aid. The Indonesian Vice-President was left with little else to say but that he hoped Sukiman's Government would continue in office and develop sound policies.[65] In reality, there was not much Hatta could have done to affect the situation since, in Washington, the aid programme for Indonesia was already under attack both by the State Department and by Cochran. Worried that Indonesia might not be able to absorb large amounts of aid, the State Department also believed that it was more 'fortunately situated' than many of its neighbours. Bolstered by Cochran's assertion that Indonesia would not feel discriminated against if it received less aid than others, the State Department pared down aid allocations for Fiscal 1952 - the final total being $8 million, the same as in 1951.[66]

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[65] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3750; Cochran to the Secretary of State, 21 Jun. 1951.

[66] NA; RG 59; Lot 56 D 37, Records Relating to Indonesia, Netherlands East Indies and Netherlands New Guinea, 1948 - 1951, Box 1; Indonesia 1951; Lacy to Rusk, 19 Mar 1951. BUL; Foreign Relations, Secretary's Memoranda; Briefing Paper for Acheson's Talks with the Indonesian Foreign Minister, Mukarto Notowidigdo, 28 Oct. 1952. The original proposals had been for $10 million aid with $10 - 15 million in reserve.

Indonesia's political and economic circumstances were not, however, the only factors affecting the aid programme and for the Administration to assign blame for its failings solely to the Indonesians was unfair. A prime impediment to the aid programme was the antagonism over policy in Indonesia between the State Department and the ECA, which was exposed by the assault on the ECA programme for Fiscal 1952. During an acrimonious lunchtime meeting with Lacy at the Metropolitan Club, in Washington, Allan Griffin accused Cochran of helping Senator Joseph McCarthy in his attacks on the Administration, accusing him of wanting to pursue policies whose result would be to turn Indonesia over to communism. Griffin also charged Cochran with humiliating ECA staff and of making 'an abysmal mess of American relations with Indonesia'. While Lacy's defence of the Ambassador centred on his assumption that the assault on the ECA programme by the State Department had piqued Griffin, it ignored what was evidently a poor working relationship between the two organisations in Indonesia.[67] Perhaps more important, though, was the Indonesian Government's reaction to the way the ECA approached its task. As if to exacerbate the prickly relationship which already existed between Washington and Jakarta, the ECA required Indonesian officials to provide 'endless data' to support applications for aid and appeared, to the Indonesians, to be insisting on minute control of the funds allocated.[68] Given the scale of the problems facing staff at the Ministry of

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[67] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3750; Memorandum of Conversation by Lacy of a meeting with Griffin on 14 February 1951, 15 Feb. 1951. HSTL; Truman Papers, WHCF, Economic Cooperation Administration 1947 - 49, Box 17; Economic Cooperation Administration, 1951; Report on ECA in Southeast Asia by Orin Lehman, undated. Lehman's tour began on 1 March 1951 and lasted for ten weeks.

[68] NA; RG 59; DF 1950 - 1954, 611.56D, Box 2821; Memorandum of Conversation by Cochran of a meeting with the Indonesian Ambassador to Washington, Ali Sastroamidjojo, 24 Oct. 1951.

Economy, and Indonesian fears of American control over their economy, the ECA's paperwork and overbearing attitude only increased the antipathy Indonesians felt towards Washington's small aid package.

Cochran's efforts to incorporate Indonesia into a security system for Southeast Asia continued amid signs that Washington still did not know how to deal with the Indonesian revolution. In a speech at The National War College, Melby, by now Deputy Director of the Office of Philippine and Southeast Asian Affairs, praised the progress made in Indonesia since independence but also managed to demean the revolution at the same time. Recalling the crucial role played by the US at the RTC, he told his audience that, if forced to nominate the one person most responsible for the creation of Indonesia, it would be Cochran.[69] Melby's arrogance provided further evidence of the low opinion of Indonesia and its leadership held by some officials, which was reflected in dealings with the newly independent state. As with the ECA, friendly Indonesians were also concerned about the way the United States Information Service did its work, thinking its propaganda too tendentious and negative. In October, the Indonesian Ambassador in Washington, Ali Sastroamidjojo, advised Cochran that the agency should propound a positive image of America if it wanted to win friends and influence people in Indonesia rather than 'hammering constantly on an anti-communist note.'[70] If Washington could argue that Indonesians had little

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[69] HSTL; Melby Papers, Box 10; MDAP - Philippines and Southeast Asia Affairs - Office of (2); Lecture at The National War College, 10 Dec. 1951

[70] NA; RG 59; DF 1950 - 1954, 611.56D, Box 2821; Memorandum of Conversation by Cochran of a meeting with the Indonesian Ambassador to Washington, Ali Sastroamidjojo, 24 Oct. 1951.

comprehension of the needs of Cold War politics and the pressures under which democracies operated, then Jakarta could equally claim that its needs were not understood either.

Both sides' perceptions of each other were confirmed when, in February 1952, the results of Cochran's negotiations with Subardjo became known. Under the pressure of a furious assault by opponents of the Sukiman Government in the PNI and Masjumi, first Subardjo and then the Cabinet resigned amid accusations that they had compromised Indonesian neutrality and taken Indonesia into the West's camp. Reaction to the deal plunged US-Indonesian relations into crisis and led the Administration to wonder whether Indonesia would ever accept the sort of security arrangements which Washington regarded as essential. The purpose of the negotiations, from Washington's point of view, had been to reach an agreement, under the terms of the Mutual Security Act, which formalised the provision of US military, economic and technical aid to Indonesia. There was some doubt, in Cochran's mind at least, about the legality of the aid which had been delivered after independence since it had been based on understandings reached between the two governments rather than legal arrangements. The talks concluded, on 5 January, with an exchange of notes in which Subardjo gave assurances, under Section 511 (a) of the Act, that Indonesia would fight communism and assist the US in the fulfilment of its military obligations.[71] In addition to regularising the basis upon which economic and technical aid was

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[71] NA; RG 84; Djakarta Embassy and Consulate, Confidential File, 1950 - 52 : 320.1 - 350, Box 26; 350 Indonesia Jan. 1952 - June 1952; Memorandum by Cochran of a conversation with Hatta, 3 Apr. 1952. *The New York Times*, 26 Feb. 1952.

granted, the agreement also allowed $2 million of undelivered military aid to be released.[72] As far as Cochran was concerned, the agreement was not about the 'trifling sum ... of economic aid' which Indonesia received, but was aimed at meeting the country's security needs. The intention, he told Hatta, was to overcome the debacle of the Melby Mission, when Indonesia had refused military aid, by providing a basis upon which Indonesia could receive military assistance without calling attention to the fact. Cochran also confirmed that the agreement had been implicitly linked to the Administration's efforts to solve that West Irian dispute when he informed the Vice-President that the collapse of the agreement had ended his hopes of persuading Washington to support Indonesia's claim to the colony.[73]

Details of the agreement became known in February, when it was presented to the Indonesian Cabinet, and the fact that it had been negotiated in secret by Subardjo was made clear. The Foreign Minister, under attack from the PNI and Masjumi parties, resigned on 21 February and, two days later, the Cabinet itself was forced out of office. Although the outgoing Cabinet pledged that Indonesia would abide by the agreement, there was no chance that future governments would adhere to the security undertakings which had been given. Given the furore in Indonesia, it was not until September that the new Government, led by

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[72] NA; RG 59; Bureau of Far Eastern Affairs 1953, Miscellaneous Subject File for the Year 1953 (Lot 55 D 388), Box 7 of 8; Mr Nixon's Visit (3); Briefing Papers for Vice-President Nixon On His Trip to the Far East, 15 Sept. 1953.

[73] NA; RG 84; Djakarta Embassy and Consulate, Confidential File, 1950 - 52 : 320.1 - 350, Box 26; 350 Indonesia Jan. 1952 - June 1952; Memorandum by Cochran of a conversation with Hatta, 3 Apr. 1952. The British were also aware that Cochran had discussed such a deal with Subardjo. (PRO; FO 371/106824; Memorandum by J. E. Cable, 25 Nov. 1953.)

Wilopo of the PNI, felt confident enough to re-open the issue. On 9 September, it indicated that it wished to negotiate an agreement covering only economic and technical aid and asked if it could receive military assistance from the US on a re-imbursement, rather than grant, basis. Although Cochran had lobbied Washington to take drastic steps, including the ending of the aid programme, to force Indonesian compliance with the 5 January agreement,[74] the Administration took a rather more resigned view of the situation. Both governments soon agreed to allow the pact to lapse and negotiations began on a new agreement which would place aid to Indonesia on the same footing as that for other "neutralist" countries, like Burma and India. A replacement agreement was reached, on 13 January 1953, which satisfied Indonesian requirements on military assistance while the Indonesian aid programme was transferred to the less sensitive Technical Co-operation Administration.[75]

The failure of the Cochran-Subardjo pact coincided with the defeat of Washington's efforts to broker a deal over West Irian. In the face of strenuous Dutch attempts, before the meeting at The Hague, to prevent the issue being discussed at all, Washington had made clear to The Netherlands' Government its desire that the issue be placed on the agenda.[76] The talks, however, made no

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[74] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3751; Cochran to the Secretary of State, 21 Feb. 1952.

[75] BUL; Foreign Relations, Secretary's Memoranda; Briefing Paper for Acheson for talks with the Indonesian Ambassador, 28 Oct. 1952 (Doc. 2299). *The New York Times*, 19 Sept. 1952. NA; RG 59; Lot 55 D 388, Box 7 of 8; Mr Nixon's Visit (3); Briefing Papers for Vice-President Nixon On His Trip to the Far East, 15 Sept. 1953.

[76] HSTL; Acheson Papers, Memoranda of Conversation, Box 73; March 1952; Memorandum of Conversation by Acheson of a meeting with Willem Drees (Dutch Prime Minister) and van Roijen (Dutch Ambassador in Washington), 21 Jan. 1952.

progress and the focus of the negotiations switched to Washington, where Acheson raised the issue with the Dutch Prime Minister, Willem Drees. With the Cochran-Subardjo pact signed but not yet denounced, Acheson suggested to Drees that a possible settlement to the West Irian question might be found in the establishment of a condominium or a UN trusteeship involving several nations. Drees' flat rejection of the idea forced Acheson to accept that no immediate solution would be found and he decided that Washington would henceforth 'make every effort to dissuade the disputants in pressing the ... issue to the point of crisis.'[77] The Dutch Parliament's approval of the incorporation of West Irian into the Kingdom, on 15 February, effectively killed off any hope of compromise and the repudiation of the Cochran-Subardjo pact only confirmed the end of any US-sponsored solution being found to the problem.

Despite Acheson's acceptance that no solution to the West Irian problem was in sight, basic US policy did not change. Washington's preferred option remained a negotiated settlement to the sovereignty issue, except that, after the failure of Acheson's initiative, the State Department believed that it was no longer able to contribute towards the solution and might do harm, if it did intervene, by offending one or other of its friends. The Administration's formal neutrality on the matter meant it was prepared to accept any settlement which might be reached by the disputants and Acheson advised the Indonesian Foreign

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[77] AA; CRS A1838/272/250/10/7/6; Australian Embassy in The Netherlands to the DEA, 29 Jan. 1952 and Spender to Casey, 4 Feb. 1952. The information about Acheson's suggestion came from the Chargé at the US Embassy in The Hague. HSTL; Acheson Papers, Memoranda of Conversation, Box 73; March 1952; Memorandum of Conversation by Acheson of a meeting with Drees and van Roijen, 21 Jan. 1952.

Minister accordingly.[78] While the Administration professed to be neutral on the West Irian question, it was effectively endorsing the *status quo* which, at the end of 1952, was that the territory was an integral part of the Kingdom of the Netherlands. Although Sukarno had made it clear that the US viewpoint was crucial to any resolution of the problem and that, if the Administration supported the Indonesian case, he would be able to deliver stability and an Indonesia oriented to the US,[79] the Truman Administration was unwilling, as its period in office drew to a close, to go against its Anglo-Saxon allies. Despite this, Canberra remained wary of the American position. Spender believed that the State Department was still dangerously split on the issue with some officials favouring an early settlement as a means of winning Indonesia over to the West and he was doubtful of its willingness actively to support the Dutch and Australian case if the matter was referred to the UN. Accordingly, he recommended to his Government that it embark, with the Dutch, on a 'considerable "educative" process' to ensure that the incoming Eisenhower Administration took a line more closely attuned to its own.[80] Canberra's uncertainties about US policy and the rebuff delivered to Sukarno showed that, far from promoting amicable relationships with the concerned parties, Washington's approach had satisfied nobody.

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[78] HSTL; Acheson Papers, Memoranda of Conversation, Box 80; October 1952; Memorandum of Conversation by Acheson of a meeting with Mukarto Notowidigdo, 31 Oct. 1952.

[79] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3751; Cochran to the Secretary of State, 16 Oct. 1952.

[80] AA; CRS A5461/3/2/14; C. T. Moodie to Spender, 5 Dec. 1952. Moodie's memorandum was a proposed contribution to a DEA policy paper on West Irian, which Spender approved on 6 December 1952.

The crisis in relations between Washington and Jakarta which developed after the collapse of the Cochran-Subardjo pact reinforced the Administration's negative perceptions of Indonesian leaders. Apart from Subardjo's failure to ensure that he had his colleagues' support, which smacked of political naïveté, the rejection of the deal revived memories of Dutch propaganda, during the independence struggle, that the Republic could not be relied upon to keep agreements. Washington's easy acceptance that Indonesia could not be tied into a military pact, either formally or informally, also intensified the Administration's frustration with the mercurial nature of Indonesian politics. However, Washington had lacked sensitivity in its handling of the negotiations in thinking, unlike the Australians, that a deal could be struck despite Indonesia's foreign policy and, to that extent, was partly responsible for the ensuing instability. Confirming Washington's views about Indonesian politics, Wilopo's Government, which took office on 1 April and was a coalition of the PNI, Masjumi and *Partai Socialis Indonesia* (PSI), immediately showed its weakness. Having failed to obtain a vote of confidence in Parliament - it was only granted an "opportunity to work" - the Cabinet displayed a marked reluctance to take any action at all to deal with the serious problems it faced for fear of being ousted. The State Department at first believed Wilopo to be a 'leftist', although it had changed its mind by September,[81] but was worried by the decision of the PKI to support the Government. Washington saw the PKI's move as being designed to heighten the pressure on the Government to resist American aid and, generally, to

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[81] NA; RG 59; Records Relating to the Mutual Security Assistance Program (Far East) 1949 - 1954 (Lot 57 D 472), Far East Country Files, I - P, 1949 - 1952, Box 3; Indonesia 1951 - 1952; "Political Developments in Indonesia During Year Ended June 30, 1952". *The New York Times*, 2 Apr. and 12 Sept. 1952.

take advantage of the prevailing anti-Western sentiment. However, Cochran warned that the PKI had taken a calculated decision to support Wilopo because it saw a tactical advantage in doing so.[82] Although its parliamentary support was not crucial to the Government's survival, the PKI was signalling its readiness to work with the PNI, which for the first time led a Cabinet, and for Sukarno, who was associated with the PNI and had taken a radical line on West Irian. The new policy represented a further stage in the PKI's rehabilitation after Madiun and the August 1951 purge but did not, in the CIA's view, mean that it had reached a stage where it could seize power, the PKI's strength lying in its industrial power and its guerrilla activities - areas in which it could only harass the Government.[83]

However, as if to demonstrate the unpredictability of Indonesian politics, the most serious threat to Wilopo's ministry came not from the communists but from the army and resulted from manoeuvrings within the Government. While the events of 17 October marked the entry of the army into post-independence political life, they also re-inforced Sukarno's pre-eminent position. To officials in Washington, it appeared that the President had shown himself to be a champion of democracy and that Indonesia had survived a test of its democratic credentials. The crisis was sparked by a PNI-sponsored motion in Parliament criticising the Sultan of Yogjakarta, the Defence Minister, who was thought to be

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[82] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3751; Coerr to Philip Bonsal, 11 Jul. 1952 and Cochran to the Secretary of State, 17 Jul. 1952. NA; RG 59; Lot 57 D 472, Far East Country Files, I - P, 1949 - 1952, , Box 3; Indonesia 1951 - 1952; "Political Developments in Indonesia During Year Ended June 30, 1952".

[83] NA; RG 263; National Intelligence Estimates Concerning the Soviet Union 1950 - 1961, Intelligence Publication File, Box 1; NIE-47; "Communist Capabilities and Intentions In Asia Through Mid-1953", National Intelligence Estimate NIE-47, 31 Oct. 1952.

overly influenced by the PSI and was viewed as a possible rival of Sukarno's. Offended by the PNI's action, the army General Staff organised a mob to demonstrate outside Parliament and asked Sukarno to dissolve the assembly and take personal control of the country. Sukarno refused to go along with what amounted to a coup attempt, announcing his faith in democracy. Having beaten off the coup, which had been backed by the PSI, the Cabinet removed from post twenty-one army officers, including Colonel Abdul Nasution the army Chief of the Staff, and the PNI continued its campaign against the Sultan.[84] The crisis left Sukarno in an unassailable position domestically and enhanced his standing in Washington but it also confirmed American perceptions of instability in Indonesia.

Uncertainties about the Indonesian political climate, the disappointment felt in Washington at the failure of its attempt to persuade Jakarta to enter into a security pact and the collapse of Acheson's West Irian initiative were all signs of the difficulties being experienced by the Administration in its relationship with Indonesian nationalism. There was also little sign of positive economic news as bureaucratic inefficiency and incompetence continued to plague Government efforts to improve the situation - Wilopo had found upon assuming office that no budgets had been set for 1951 and 1952 and that there was no record of Indonesia's external commitments - added to which, a downturn loomed. Having benefited from a boom in raw material prices and demand, especially for rubber,

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[84] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3751; Bonsal to Allison, 12 Dec. 1952 and RG 84; Djakarta Embassy and Consulate, Confidential File, 1953 - 55 : 350, Box 41; John Andu to E. Hagberg, 3 Nov. 1952.

caused by Western rearmament and US stockpiling after the start of the Korean War, Indonesia now faced a collapse in both price and demand as the War wound down and stockpiling programmes ended. As the prices of imports from Western countries spiralled, Indonesians ascribed much of the blame for the impending economic distress to Washington.[85]

Reflective of the wider relationship between the two countries was Washington's increasing unwillingness to give aid to Indonesia and Jakarta's growing dissatisfaction at the way it was being treated. The Administration had maintained its belief that Indonesians were ungrateful for the assistance they had been given both before and after independence and the feeling persisted that it had done as much as it needed to in order to discharge its responsibilities towards Indonesia. It had, since the RTC, expected that The Netherlands would be the prime aid donor to its former colony, but this assumption had been predicated upon a harmonious relationship between the two and it was only with great reluctance, therefore, that Washington was prepared to consider a larger role for itself. The creation of the Colombo Plan, in early 1950, had offered an alternative source of development aid, but Indonesia did not join it until January 1953. Having already given Indonesia a $100 million credit line, of which only $75 million had been used, and facing pressure on available funding, the Administration dramatically cut the aid programme for Fiscal 1953 to $3.5 million from the already parsimonious $8 million which had been granted for

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[85] *The New York Times*, 6 Jan. 1953.

1951 and 1952. Not surprisingly, the Indonesians were 'sharply critical' of the decision but were powerless to do anything about it.[86]

As the Truman Administration gave way to that of Dwight Eisenhower, America's relationship with Indonesia had reached its lowest point since independence. The optimism which had characterised Washington's hopes for the new country had been replaced by a sense of frustration that Indonesians seemed incapable, or unwilling, to help themselves and were ungrateful to those who were prepared to assist. Too few officials in Washington, it seems, shared the opinion of John Allison, the Assistant Secretary of State for Far Eastern Affairs, that countries like Indonesia had not had enough time since their independence to overcome the problems which they had inherited. Nor did they realise that Asians bracketed the US with the European powers which they had fought, and in some cases were still fighting, for their freedom. Allison argued that central to the successful conduct of relations with Asia was the understanding that other countries had 'interests and prejudices as strong as our own' and that these had to be addressed.[87] And yet it was in this very area that Washington's policy had failed most spectacularly. Indonesian commentators believed that America's inexperience in dealing with Asians had led it to be 'rough and even insulting' towards Asia. They expressed dismay at the extent to which Americans misunderstood the Asian psyche when they failed to grasp the

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[86] *DSB*, Vol. XXVI, Number 666, 31 Mar. 1952, pp. 494 - 95. BUL; Foreign Relations, Secretary's Memoranda; Briefing Paper for Acheson for talks with the Indonesian Ambassador, 28 Oct. 1952 (Doc. 2299).

[87] "Our Far Eastern Policy", speech by Allison at the Public Affairs Conference, 17 April 1952; *DSB*, Vol. XXVI, Number 670, 28 Apr. 1952.

significance of the "gesture" and the importance of not "losing face" in relationships, while believing that 'money and power' would be enough to win over Asians. The sense that American policy towards Indonesia was not driven by a 'love' of the country but by a belief that a strong and nationalistic Indonesia was better than a communist one only confirmed in peoples' minds the feeling that America's policy was determined more by its allies' interests than by Indonesia's.[88] By contrast, and as if to confirm the points being made by the Indonesians, an Australian assessment of US policy highlighted Washington's raw materials procurement policy and its pressure on Indonesia to join an anti-communist alliance as the factors which had most turned public opinion against it.[89] The challenge facing the Eisenhower Administration, therefore, was to show a more sympathetic attitude towards Indonesia and to heal the divisions which existed between Washington and Jakarta.

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[88] NA; RG 59; DF 1950 - 1954, 611.56D, Box 2821; Jack Lydman to George Harris, 14 Apr. 1952. Lydman's memorandum quoted extensively from the Jakarta weekly, *Mimbar Indonesia,* 15 March 1952.

[89] AA; CRS A5954/1/2279/1; "Indonesia : Synopsis of Current Trends", 21 Jul. 1952.

6. Relations Balanced On A Knife Edge (January 1953 - December 1955)

During the Presidential election campaign, the incoming Administration had been especially critical of Truman's record in Asia. Although the Republicans had concentrated their fire on Truman's failure to end the Korean War, their attacks on Far East policy after World War II had capitalised on the arguments of Senator Joseph McCarthy, and others, that the region had been neglected by policymakers. Eisenhower's Secretary of State, John Foster Dulles, had illustrated the indictment of his predecessors' record by pointing out that, since 1945, no Secretary of State had visited Asia while they had been to Europe 'eighteen or nineteen' times.[1] Dulles could not have been better placed to make the accusation and hold out the promise of a more activist involvement in the Far East having negotiated the Japanese Peace Treaty for Truman. Indeed, he had experienced at first-hand the difficulties which dogged American relations with Indonesia when, in 1951, he had secretly sounded out Australia, New Zealand, Japan and Indonesia on the establishment of a Pacific pact similar to NATO. Insofar as Indonesia was concerned, the idea had soon been discarded as it became clear that Jakarta would not be responsive to such an invitation.[2] While the new Administration had set for itself the task of repairing the damage done to Washington's Cold War objectives in Asia, it also seemed to be well-placed to understand the principles which motivated Jakarta in its relationship with the US.

The prospect that the Administration's relations with Indonesia might enjoy a

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[1] *The New York Times*, 25 Sept. 1952.

[2] Sir Percy Spender, *Exercises In Diplomacy - The ANZUS Treaty And The Colombo Plan*, (Sydney University Press, 1969), pp. 82 and 86.

fresh start were enhanced by Cochran's departure, on 15 March, to join the International Monetary Fund.

Before leaving, Cochran gave Dulles a comprehensive briefing on the situation his successor would face and offered his advice about how relations should be conducted in future. Evoking the image of a spurned suitor, he warned that internal instability or the growing conflict between 'Democratic and Commie forces' might upset any forecast he made and urged Dulles 'to practice understanding patience and to exercise unswerving firmness' if he wanted to be helpful to Indonesia and, at the same time, win for the US the 'respect due us as a great power.' Cochran argued that Washington should remain 'friendly (and) interested' in its dealings with Jakarta but not so friendly and interested that the Indonesians might think that they were 'vital to United States interests'. The Indonesians, he continued, had to be convinced that it was up to them to show Washington what they wanted 'and what they deserve'. Having discovered for himself that Indonesia would not make an open declaration of support for the West's struggle against communism, Cochran counselled Dulles that, in the interests of persuading Jakarta of the error of its ways and of securing from it a voluntary association with the West, he should 'underplay rather than overplay' his hand. On no account, he wrote, should overt attempts be made to push Indonesia into a decision about forming an alliance with the West. Turning to the positive steps which could be taken to improve relations with Indonesia, Cochran reminded Dulles that Sukarno had long wanted to visit America and he made plain to the Secretary that Sukarno believed American support for Indonesia's

claim to West Irian would be the 'greatest possible contribution' Washington could make to stability and towards keeping Indonesia free of communism.[3]

The departing Ambassador's advice to Dulles was a frank acknowledgement of the lack of options available to the Administration in its courtship of Indonesia. Since there was no possibility of a military alliance with Jakarta, the only measure with a significant chance of attracting Indonesia to the West's side was, as Cochran had indicated, for Washington to align itself with Jakarta on the West Irian question. However, despite Cochran's personal belief that the Indonesian claim should be upheld, he could do no more than recommend that the new Administration publicly push for a negotiated settlement. Cochran's advice emphasised the extent to which the relationship between the two countries had been affected by the rejection of the Cochran-Subardjo pact and was now in the doldrums. The sense of drift, which had infected US-Indonesian relations for much of the previous year, persisted well into 1953 as the Administration found itself unable to replace Cochran until 12 October, when Hugh S. Cumming Jr. arrived in Jakarta.[4]

When he arrived, Cumming found the Embassy in an administrative mess and spent most of his first six months in post putting things straight. His immediate political objective was to repair the damage done to US-Indonesian

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[3] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3751; Cochran to the Secretary of State, 10 Feb. 1953.

[4] Cumming's appointment had been delayed in the Senate by a bureaucratic problem.

relations by the Cochran-Subardjo 'snafu'.[5] However, his main interest was to frustrate the advance of communism in Indonesia, a subject on which both Dulles and Eisenhower briefed him before his departure. The Secretary of State advised Cumming not to tie himself to Indonesian territorial integrity if that meant losing the whole country to communism. Dulles, saying that nothing could be put in writing, stressed his belief that Washington's unwillingness to countenance the division of China had delivered the whole country to the communists and he told Cumming that he would prefer to see Indonesia break up into 'racial and geographic units' which would 'furnish (the US with) a fulcrum' to eliminate communism where it had taken hold. Eisenhower re-inforced the point, which the new Ambassador took to be 'the essential ... of the policy I was supposed to follow' and the product of Dulles' thinking, rather than State Department policy.[6] By the time Cumming arrived in Jakarta, Dulles' advice must have seemed particularly apposite with the collapse of the Wilopo Administration and its replacement by a new government which Washington believed included communist sympathisers.

The Wilopo Government had survived a little over one year when it fell, in June 1953. Although perceived to have staggered from one crisis to another, Wilopo's Ministry had seen advances towards a more regularised form of

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[5] University of Virginia Library (UVaL); Special Collections Department; Hugh S. Cumming Jr. Papers (Cumming Papers), Box 2; HSC - Correspondence A - C (1952 - 1958); Cumming to Allison, 10 Jan. 1957 and HSC - Correspondence P - R (1952 - 1958); Cumming to Lowell Pinkerton (Acting Chief Inspector, Foreign Service Inspection Corps), 12 May 1954.

[6] UVaL; Special Collections Department; Cumming Papers, Box 2; The John Foster Dulles Oral History Project - Interview with Ambassador Hugh S. Cumming Jr. 1966 - 67; Transcript of a Recorded Interview with Ambassador Hugh S. Cumming Jr., 3 Dec. 1966, pp. 16 - 18.

government. In addition to drawing up the country's first budget and complete financial statement it had, on 1 April, secured passage of an election law and had scheduled elections for early 1954, measures which the Departments of State and Defense believed brought a greater sense of reality to Indonesia's economic and political affairs.[7] However, the reality of Indonesia's economic circumstances did not make happy reading. Due mainly to the slump in rubber prices, its terms of trade had fallen by about 20 per cent between 1950 and early 1953, wiping out a trade surplus of $453 million in 1951. Together with debt repayments to The Netherlands, this had put pressure on Indonesia's foreign exchange holdings, which had almost halved to $271 million in the year to February 1953.[8] In the context of this gathering crisis, Wilopo's Cabinet was unable to resist the growing political tension between the PNI and the Masjumi, the main coalition partners and was replaced, on 31 July, by a Government led by Ali Sastroamidjojo of the PNI. For the first time since independence, Masjumi was not represented in the Government, which the CIA considered to be 'heavily infiltrated' by communists.[9]

The Ali Government presented the Eisenhower Administration with yet another challenge to its understanding of Indonesian politics. Within days of its coming to power, senior State Department officials concluded that it was 'fragile'

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[7] Dwight D. Eisenhower Library (DDEL); Records of the WHO Records (WHO Records), Office of the Special Assistant for National Security Affairs (OSANSA), 1952 - 61; NSC Series, Policy Papers Subseries, Box 3; NSC 124/2 Southeast Asia [Indonesia; France and Indochina]; Progress Report by the Acting Secretary of State and the Acting Secretary of Defense on the Implementation of NSC 124/2 ("United States Objectives and Courses of Action with respect to Southeast Asia"), 5 Aug. 1953.

[8] NA; RG 59; Lot 55 D 388, Box 6; Southeast Asia; Bonsal to Walter Robertson, 1 May 1953.

[9] DDEL; Ann Whitman File, NSC Series, Box 4; 161st Meeting of the NSC, 9 Sept. 1953.

and, predating the CIA's similar assessment, included 'a number of communists'.[10] The presumed communist involvement in the Government also led to calls for action to be taken. At the NSC, on 9 September, after hearing that a new policy paper on Indonesia was being prepared, Harold Stassen, the Director of the Foreign Operations Administration, proposed that it should cover measures which might be adopted by Washington to bring down the Ali Government 'since it was obviously a pretty bad one.'[11] However, this analysis of the Ali Government was not uniformly held within the Administration - the State Department's Bureau of Far Eastern Affairs certainly believed that the CIA and the Department of Defense overemphasised communism as a motivating factor in Indonesian political life.[12] Early in August, Eisenhower was told that communists appeared only to be influencing the Government and were not represented in it, while a report to Dulles concluded that the Cabinet's policies were moderate and that it was not acting under duress from the communists.[13]

As the PNI-PKI alliance continued, Washington increasingly came to regard the Masjumi Party and the PSI as its natural allies in Indonesia. The Masjumi Party, the main Moslem political organisation which also had a sizeable middle-class membership and enjoyed its greatest support in Sumatra and East Indonesia,

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[10] UVaL; Special Collections Department; Cumming Papers, Box 2; HSC - Correspondence M - O (1952 - 1958); Matthews (Deputy Under Secretary of State) to Cumming, 6 Aug. 1953.

[11] DDEL; Ann Whitman File, NSC Series, Box 4; 161st Meeting of the NSC, 9 Sept. 1953.

[12] NA; RG 59; Lot 55 D 388, Box 5; Indonesia; Everett Drumwright to the Secretary of State, 16 Nov. 1953.

[13] DDEL; Ann Whitman File, International Series, Box 31; Indonesia (4); Memorandum for the President, 5 Aug. 1953. NA; RG 59; DF 1950 - 1954, 756D.00, Box 3752; W. Park Armstrong (Special Assistant for Intelligence) to the Secretary of State, 9 Dec. 1953.

was considered to be the political grouping most likely to co-operate with the Administration - a view shared by the British, who believed that Masjumi's policies on a wide range of issues were 'less in conflict with Western interests' than the PNI's.[14] Reflective of the growing divergence between the two parties, which had worked together during the independence struggle but which had been increasingly alienated from each other since, was Hatta's disenchantment with Sukarno's espousal of radical, and specifically PNI, policies and his desire to invite communists into the Government. Hatta, who favoured devolution of power to the regions, also found himself at odds with Sukarno's vision of centralised government in Indonesia.

Masjumi's standing in Washington was not harmed at all by its decision to form a "loyal" opposition to the Ali Government and its resistance, along with the PSI, to PNI/PKI-inspired agitation in economically rich Sumatra.[15] The CIA portrayed the Masjumi, the PSI and the "17 October" group of military leaders as the people who were prepared to stand up to the communists while the PNI, and by implication Sukarno, were not.[16] However, this analysis failed to reflect the full flavour of the political debate in Indonesia, a problem which would remain a feature of the CIA's analysis of Indonesian politics. The NSC recognised that there were two struggles going on, firstly between the PNI and the Masjumi and, secondly, between communists and non- and anti-communists. This assessment

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[14] AA; CRS A 5461/3/101/3; Oscar Morland (British Ambassador in Jakarta) to Churchill, 19 Jun. 1953.

[15] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3751; Robert Bone (Second Secretary, Jakarta) to the Secretary of State, 10 Aug. 1953. *The New York Times*, 2 Aug. and 14 Sept. 1953.

[16] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3752; Bonsal to Drumwright, 24 Dec. 1953.

reflected Cumming's advice that the PNI and Sukarno viewed the Masjumi and the PSI in a completely different light from Washington. The Masjumi, they reportedly believed, was so concerned to bring down the Government that it was willing to involve itself in communist plotting to achieve its objective. They also considered that the right-wing of the Masjumi and Nahdatul Ulama (NU), a radical Moslem party which had split from the Masjumi in 1952, represented a greater danger to the democratic system in Indonesia than the PKI,[17] while the PSI's reputation had already suffered from its association with the "coup" of 17 October 1952. Despite the differences of opinion within the Administration, it was the more hawkish assessment of communist advances which tended to be seen by the Indonesians, who believed that the Americans were drawing them into the Cold War. Fiercely resistant to any outside influence, they rejected Washington's argument that Indonesia would follow the same pattern as Czechoslovakia where, in 1948, communists had subverted the government from within. Indonesians viewed the PKI as a nationalist communist party which would be dealt with if it stepped out of line, as had happened in 1948. The Americans, who were not pleased at this challenge to their analysis of communist intentions, thought the Indonesian approach showed 'dangerous naïveté' but realised that Jakarta would not accept 'instruction' on the matter.[18]

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[17] DDEL; WHO Records, OSANSA, 1952 - 61; NSC Series, Policy Papers Subseries, Box 3; NSC 171/1 Policy on Indonesia (Tin); "United States Objectives and Courses of Action with Respect to Indonesia", NSC 171/1, 20 Nov. 1953. NA; RG 59; DF 1950 - 1954, 756D.00, Box 3752; Cumming to the Secretary of State, 24 Nov. 1953. Kahin and Kahin, *Subversion As Foreign Policy*, p. 41.

[18] Kahin and Kahin, *Subversion As Foreign Policy*, pp. 40 - 41. NA; RG 59; DF 1950 - 1954, 756D.00, Box 3752; Cumming to the Secretary of State, 24 Nov. 1953. Cumming was reporting a conversation with the Indonesian Foreign Minister, Sunario. NA; RG 59; Lot 55 D 388, Box 6; Mr Nixon's Visit (3); Briefing Papers for Vice President Nixon On His Trip to the Far East - 15 Sept. 1953.

While the Americans struggled to understand Indonesian politics, both sides' failure to construct a positive economic relationship also thwarted the Administration's hopes for an improvement in relations. Washington's main objective, since 1945, had been to reintegrate Indonesia's natural wealth into the world capitalist economy and, at independence, the State Department had envisaged that this would be achieved by private investment in raw material production.[19] The destructive war with The Netherlands had both postponed and made more urgent the need for funds to repair existing plant and to create new capacity. However, independence did not bring the hoped for surge in inward investment. In Washington, Indonesia's inability to strengthen its economy was seen almost entirely as a failure to attract the foreign investment needed both to modernise and to diversify its economic base. The NSC concluded that it was conditions in Indonesia which were deterring potential investors and that governmental indecision, the internal security situation and the government's failure to agree an investment code had all contributed to the economy's stagnation.

The NSC recognised, however, that the Indonesians did not regard inward investment as the most crucial issue affecting their attitude towards the US. In the economic arena, Jakarta was much more interested in the 'lack of effective US response' to its concerns about the collapse in rubber and tin prices, which Indonesian leaders blamed on the US. The Administration, in turn, felt that it

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[19] DDEL; WHO Records, OSANSA 1952 - 61, NSC Series, Policy Papers Subseries, Box 8; NSC 171/1 Policy on Indonesia (Tin); "United States Objectives and Courses of Action with Respect to Indonesia", NSC 171/1, 20 Nov. 1953.

had shown sympathy to the Indonesians' difficulties but had been limited 'by domestic considerations' in what it could do. This attitude was, of course, in marked contrast to Washington's unwillingness to accept domestic pressures as a reason why Jakarta could not meet its concerns about, for example, West Irian. As Indonesia's biggest customer for its natural rubber, the US was especially vulnerable to charges that it was unwilling to support the price Indonesia received for its exports. The advent of the Ali Government saw rubber prices fall to a new post-Korean War low and followed the failure, in May, of the Rubber Study Group to agree positive measures to stabilise the price - a decision with which the US privately agreed but was unwilling to acknowledge publicly. Although the Administration did cut production of synthetic rubber, its position of not supporting Indonesia's calls for tough action was taken in the knowledge that it left hundreds of thousands of peasant rubber producers more susceptible to communist propaganda. Similarly, Jakarta found reason to complain about Washington's disinterest in protecting its earnings from tin exports, which accounted for 10 per cent of its foreign exchange receipts. In March 1952, the Reconstruction Finance Corporation (RFC) had signed a three-year contract to purchase between 18,000 and 20,000 tons of tin annually, with the price fixed for the first two years and negotiable for the third. The deal was designed to complete US stockpiling arrangements and to assist in Indonesian efforts to stabilise the price of tin. However, the RFC caused consternation both in Jakarta and in the State Department when it announced that it wished to terminate the agreement at the end of the second year and was unwilling to buy more tin at any price as the US stockpiling programme was finished. Only after an unseemly

row, in which the Indonesians charged Washington with reneging on a contract, did the Administration decide to honour the deal because it 'could not afford to let Indonesia go down the drain.'[20]

Despite the negative effects of the disputes over rubber and tin on US-Indonesian relations, it was the West Irian question which vexed Washington most. Inside the State Department, the Bureau of Far Eastern Affairs argued that the way the US handled the issue might be the 'most decisive factor in the success of US foreign policy towards Indonesia.'[21] While Dulles agreed with this, he found the wrangling between the Dutch and Indonesians unacceptable and blamed them for the predicament in which the Administration found itself. With both sides taking entrenched positions, there was, he judged, no possibility of a solution being found which would allow Indonesia to make progress and which avoided unpalatable consequences for the US. As he saw it, support for the Indonesian case, while it would strengthen the hand of anti-communists, could only be achieved at a 'severe cost' to relations with The Netherlands and Australia. For the Administration, this price was too high and so it opted for 'neutrality' on the sovereignty issue but, at least nominally, pledged to 'explore within the US Government possible solutions to the problem.[22] In reality, the

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[20] DDEL; WHO Records, OSANSA, 1952 - 61; NSC Series, Policy Papers Subseries, Box 8; NSC 171/1 Policy on Indonesia (Tin); "United States Objectives and Courses of Action with Respect to Indonesia", NSC 171/1, 20 Nov. 1953 and Ann Whitman File, NSC Series, Box 4; 181st Meeting of the NSC, 21 Jan. 1954. The Administration was unwilling to raise the government-controlled price of synthetic, opposed increased regulation of the world rubber market while it was selling off synthetic rubber factories and rejected a rubber buffer stockpile.

[21] NA; RG 59; Lot 55 D 388, Box 5; Far Eastern - General; "Current Problems In US Foreign Policy Towards Indonesia", 26 Mar. 1953.

[22] UVaL; Special Collections Department; Cumming Papers, Box 2; The John Foster Dulles Oral History Project - Interview with Ambassador Hugh S. Cumming Jr. 1966 - 67; Transcript of a

Administration had taken a line which it knew would weaken the Indonesian Government's ability to counter the PKI's advance but which would also protect Washington from involvement in a situation in which it felt it could only lose.

The policy of neutrality was advantageous for the new Administration, which was settling in to power, and for a State Department wishing to paper over the cracks in its policymaking apparatus on the West Irian question. The Australians were particularly conscious that the new regime was not necessarily conversant with the problem. During a visit to Washington, Alan Watt, the Secretary of the Department of External Affairs, found the Administration concerned solely with the broad thrust of policy. He reported that, for Walter Bedell Smith, the Undersecretary of State, West Irian was 'an entirely new problem about which he had not thought' and he doubted whether either Dulles or Eisenhower had 'any special knowledge' of the issue.[23] While the new political appointees were busy with other matters, Departmental officials remained split on what to do about West Irian. John Allison, the outgoing Assistant Secretary for Far Eastern Affairs, supported the Indonesian case because he believed that Indonesia would prevail eventually and that, in the meantime, the dispute would cause friction between the West and Indonesia. However, the "Europeanists", like Freeman Matthews, the Deputy Under Secretary of State and soon to be US Ambassador to The Hague, resolutely

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Recorded Interview with Ambassador Hugh S. Cumming Jr., 3 Dec. 1966, pp. 19 - 20. DDEL; WHO Records, OSANSA, 1952 - 61; NSC Series, Policy Papers Subseries, Box 8; NSC 171/1 Policy on Indonesia (Tin); "United States Objectives and Courses of Action with Respect to Indonesia", NSC 171/1, 20 Nov. 1953

[23] AA; CRS A 5461/3/2/14; Watt to Casey, 10 Mar. 1953.

backed the Dutch. Cumming noted that the pro-Dutch lobby did not appreciate the importance of Asian nationalism but he also decried their opponents as 'emotional experts', preferring himself to join neither camp.[24] In the circumstances, the policy of neutrality over West Irian reflected not just the difficulties which the Administration faced in choosing between The Netherlands and Indonesia but also in reconciling the views of its own officials in the State Department.

Although the Administration marked time in its relations with Indonesia during its first nine months in office, it did begin to pay more attention to Indonesia. In fulfilling its election promise, the Administration was not motivated simply by a belief that Indonesia deserved to be paid more attention in its own right. Washington's confidence in the ability of non-communist leaders to retain political and military power in the face of communist infiltration had been shaken by the installation of the Ali Government and, as a result, Indonesia assumed a higher priority for the Administration.[25] For the first time, a US Administration began to develop policy on Indonesia separately from the rest of Southeast Asia.

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[24] AA; CRS A5461/3/2/14; Memorandum for the Minister, attached to Gilchrist to Spender, 30 Jun. 1953. UVaL; Special Collections Department; Cumming Papers, Box 2; The John Foster Dulles Oral History Project - Interview with Ambassador Hugh S. Cumming Jr. 1966 - 67; Transcript of a Recorded Interview with Ambassador Hugh S. Cumming Jr., 3 Dec. 1966, pp. 19 - 20. National Library of Australia (NLA); Casey Family Papers (MS 6150); Lord Casey's Diary, 8 Sept. 1953.

[25] DDEL; WHO Records, OSANSA, 1952 - 61; NSC Series, Policy Papers Subseries, Box 3; NSC 124/2 Southeast Asia [Indonesia; France and Indochina]; Progress Report by the Acting Secretary of State and the Acting Secretary of Defense on the Implementation of NSC 124/2 ("United States Objectives and Courses of Action with respect to Southeast Asia"), 27 Aug. 1953.

The new policy document, which was approved by Eisenhower on 20 November 1953, identified Indonesia's importance to the US as well as the parameters within which policy would be conducted. Like the Truman Administration's policy, the new statement emphasised Washington's intention to prevent Indonesia from passing into the 'communist orbit' but NSC 171/1 attempted to acknowledge a more positive slant to its relationship with Jakarta by asserting Indonesia's strategic importance to the US, and the West in general. In particular, Indonesia's significance was seen to derive from its size, strategic location and its actual and potential economic wealth. Nevertheless, the new policy continued to define Indonesia as a country to be saved from communism rather than a nation worthy of Washington's attentions in its own right. Acknowledging the importance of avoiding 'the appearance' of interference in Indonesia's internal affairs, the Administration set as its first task the elimination of communist influence from the Government and, generally, to work with non- and anti-communist groups to isolate the PKI. Despite its attempt to portray Indonesia in positive terms, NSC 171/1 exposed just how limited were the Administration's options for improving relations with Jakarta. While it accepted the need to resolve the tin problem by making a 'reasonable' price offer for the third year of supplies, it only proposed that the aid programme should continue, as opposed, presumably, to being ended, and that 'appropriate actions' should be taken to strengthen friendly relations between the two countries.[26]

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[26] DDEL; WHO Records, OSANSA, 1952 - 61, NSC Series, Policy Papers Subseries, Box 8; NSC 171/1 Policy On Indonesia (tin); "United States Objectives and Courses of Action with respect to Indonesia", NSC 171/1, 20 Nov. 1953. The Truman Administration's final policy statement on Indonesia was contained in NSC 124/2, approved on 25 June 1952. HSTL; Truman Papers, PSF, National Security Files, Box 217; 120th Meeting of the national Security Council, 25 June 1952; "United States Objectives And Courses Of Action with respect to Southeast Asia", NSC 124/2, 25 Jun. 1952.

In devising NSC 171/1, the Administration appeared to have both accepted and rejected Cochran's advice to underplay its hand. The limited nature and extent of the actions which Washington believed could be taken to improve relations with Indonesia combined with the vagueness of its strategy for strengthening friendship with Jakarta to give the impression that the Administration had neither the expectation nor the intention to do much to build a positive relationship. However, in stark contrast, Washington was fully prepared to meddle in Indonesian politics in order to achieve its aim of saving Indonesia for the West despite the evidence of the past and its own assessment that it could not afford to be caught.

In fact, as NSC 171/1 was being drafted, Washington took a major step towards recognising Indonesia's higher priority when Vice-President Richard Nixon visited Jakarta, in late October. Nixon was the most senior elected American to have gone to Indonesia and his presence there demonstrated the seriousness which the Administration attached to improving its contacts with Jakarta. However, Nixon blundered into the same trouble as Cochran had before him, despite being warned beforehand about Indonesians resistance to being preached at or pressurised. According to Indonesian officials, he responded to requests for help in stabilising rubber prices by saying that the US would find it difficult to help Indonesia until it gave 'open and active proof of its anti-communist alignment.' Despite his hosts' protestations that this was politically impossible, he irritated them further by announcing that they would be soon coming under 'strong pressure' to enter a military alliance to defend the Pacific

from communism.[27] To compound the problems caused by his visit, the year ended with the Indonesians indignant that a conference of Western powers in Bermuda was to discuss the threat posed by communism in the archipelago. Foreign Office officials discovered that the State Department had no idea why the issue had been raised and only later did it emerge that Dulles had asked for the matter to be put on the agenda after receiving disturbing reports from Nixon about the political situation in Indonesia. Although the furore eventually blew over, it did revive worries, in London at least, that Washington was, once more, looking for a solution to the West Irian question based on a transfer of sovereignty in exchange for Indonesian accession to a military pact with the West, but this time as a way of bolstering Indonesian anti-communists and not because it saw merit in resolving the problem.[28]

Despite Nixon's heavy-handed approach to the Indonesians, he did come away from Jakarta convinced of the Administration's need to take its relations with Indonesia more seriously. He believed that more could be done to win the country over and identified the weak non-communist labour movement as a priority for supportive action. He also told State Department officials that the US had to increase the number of Indonesian students being trained in America if it were to counter a programme run by the PRC. Most of all, however, Nixon emphasised the overarching importance of stabilising the price of rubber and

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[27] NA; RG 59; Lot 55 D 388, Box 7; Mr Nixon's Visit (3); Briefing papers for Vice President Nixon on his Trip to the Far East, 15 Sept. 1953. PRO; FO 371/106824; Records of Conversations by Lord Reading and W. D. Allen, of meetings with the Indonesian Ambassador, Subandrio, 17 Nov. 1953 and 20 Nov. 1953.

[28] PRO; FO 371/106824, Sir Roger Makins (UK Ambassador in Washington) to the Foreign Office, 20 Nov. 1953 and a Memorandum by J. E. Cable, 25 Nov. 1953.

argued that, unless this happened, Indonesia risked complete economic collapse which no amount of aid would prevent. In his view, the situation in Indonesia was delicately poised and the country could 'go either way' in the Cold War struggle.[29] In response to Nixon's warning, the Administration drew up a plan to make Indonesia's rubber industry more competitive in world markets, rather than take measures to boost price levels. By September, proposals had been agreed under which Washington would underwrite the $60 million cost of planting 380,000 acres with high-yielding trees. Designed to restore the viability of smallholders, the plan also promoted modern production methods and sought to break the stranglehold of the middlemen who marketed the smallholders' produce by establishing co-operatives to sell the rubber. While Washington planned to cater for Indonesian sensibilities by presenting its plan only after having received a request for assistance from Jakarta, it did not envisage allowing any Indonesian proposals to alter markedly its own ideas.[30] The Administration's unwillingness to tolerate significant amendment of its proposals demonstrated its presumption that Indonesia would have to accept the American plan or nothing. The sense that Washington was intent on forcing Jakarta into a corner was reinforced by the knowledge of its earlier refusal to act to raise rubber prices.

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[29] DDEL; WHO Records, National Security Council Papers 1948 - 61, OCB Central File Series, Box 69; OCB 091.4 Far East (File #1) (2) [November 1953 - April 1954]; Vice President Nixon's Report to Departmental Officers on his Trip to the Far East, 8 Jan. 1954 and OSANSA, 1952 - 61, NSC Series, Briefing Notes Subseries, Box 8; Far East, US Policy toward, 1954 - 59; Minutes of a conference at the State Department, "Future Steps in Southeast Asia", 24 and 25 Jul. 1954.

[30] DDEL; WHO Records, OSANSA, 1952 - 61, NSC Series, Policy Paper Subseries, Box 10; NSC 5417/3 - US Rubber Policy; "US Rubber Policy", NSC 5417/3, 24 Sept. 1953.

Overall, the Administration believed that it had reversed the decline in relations with Jakarta which had occurred after the collapse of the Cochran-Subardjo pact and which had persisted through 1953. Nixon was careful to report that, based on his assessment of Sukarno as an, albeit naïve, non-communist, he was 'less pessimistic' than some in the State Department about Indonesia's prospects. The Vice-President believed that Sukarno's hold over the people, his pre-eminence amongst the Indonesian leadership cadre and his political outlook made him Washington's best asset in the country where he was, as Nixon put it, '... our main card, ... a good card, a strong card, because he is a strong man.'[31] With Nixon's testimonial still fresh, the Administration began to explore with the Indonesian leader the possibility of him visiting the US.[32] Despite this upbeat assessment of the state of US-Indonesian relations, the Administration still harboured significant reservations about the continuing political instability, the deterioration in the economy and the seemingly inexorable rise of the PKI.

Principal amongst Washington's concerns was the perceived weakness of the Ali Government and the widening split between the PNI and the opposition.

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[31] NA; RG 59; Records of the Bureau of Intelligence and Research, Record Set of National Intelligence Estimates, Special Estimates and Special National Intelligence Estimates, 1950 - 1954 (Lot 78 D 394), Box 4; NIE 65 - 54 "The Probable Outlook for Indonesia Through 1954"; "The Probable Outlook for Indonesia Through 1954", NIE 65 - 54, 11 May 1954. DDEL; WHO Records, National Security Council Papers 1948 - 61, OCB Central File Series, Box 69; OCB 091.4 Far East (File #1) (2) [November 1953 - April 1954]; Vice President Nixon's Report to Departmental Officers on his Trip to the Far East, 8 Jan. 1954.

[32] DDEL; WHO Records, National Security Council Staff : Papers 1948 - 61, OCB Central File Series, Box 41; OCB 091. Indonesia (File #2) (1) [June 1954 - January 1955]; "Progress Report on NSC 171/1, United States Objectives and Courses of Action with respect to Indonesia", 1 Jul. 1954.

The Administration saw little evidence that the leadership in Jakarta was doing anything positive to improve stability or to check the PKI's growing influence. The Government itself was seemingly consumed in a tactical battle to reduce the influence of the Masjumi and the PSI at the expense of dealing with Indonesia's problems. Officials noted that, in the absence of the much-delayed elections, the Government lacked a popular mandate and that it had failed to establish law and order in the regions, where dissidence continued unabated. The economy, too, showed few signs of improvement as exports fell, the trade deficit reached 1 billion rupiah and foreign exchange reserves went below the statutory limit. While the Government cut its expenditure to deal with the increased budget deficit, this hit capital investment plans at a time when the Government was planning to industrialise the economy.[33]

Washington's main criticism of the Ali Government, however, remained its co-operative relationship with the PKI. This emphasis on the importance of communism in US-Indonesian relations reflected American assessments of communist strategy in Asia. These had concluded that, under the direction of the USSR and, especially, the PRC, 'indigenous Communist parties' were building their strength and would use 'subversive and indirect aggression' to try to weaken Western influence in the Far East.[34] In Washington, it seemed that events in

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[33] NA; RG 59; Lot 78 D 394, Box 4; NIE 65 - 54 "The Probable Outlook for Indonesia Through 1954"; "The Probable Outlook for Indonesia Through 1954", NIE 65 - 54, 11 May 1954. AA; CRS A5954/1/2279/2; Ministerial Despatch 4/1954 from Jakarta, 27 Feb. 1954. *The New York Times*, 12 Oct. 1954.

[34] NA; RG 59; Lot 78 D 394, Box 1; NIE 10 - 2 - 54 Communist Courses Of Action In Asia Through Mid-1955; "Communist Courses Of Action In Asia Through Mid-1955", NIE 10 - 2 - 54, 15 Mar. 1954. DDEL; Ann Whitman File : Miscellaneous Series, Box 2; Foreign Policy - Miscellaneous Memoranda; Secretary of State to the President, 28 May 1954.

Indonesia were conforming to this pattern as Cumming reported the views of senior PNI officials that there were no basic conflicts between Marhaenism, Sukarno's political philosophy, and communism. Increasingly perturbed about the PNI's reliance on PKI support in its struggle with the Masjumi and the PSI, the Administration believed that it was witnessing a classic example of a "national front" strategy in action. Although a communist take-over was thought to be highly unlikely in the short-term, the PKI was considered to have benefited from a weakening of the Masjumi and the PSI in the bureaucracy and the armed forces and was also enhancing its prestige and popular support.[35] The Administration believed that the PKI would continue to support the Ali Government, or another like it, while it built up its strength and that, if allowed to do so, the possibility of a communist assumption of power by 1957 would 'greatly increase'. Opinions were, however, divided about the extent of the threat posed by the PKI. The State Department's Bureau of Intelligence and Research did not agree with the CIA that the PKI had begun to make significant inroads into the army. Cumming took an even more sanguine view of the situation when he told the Joint Chiefs of Staff Planning and Intelligence Group that the communists were 'not a decisive factor in the government' and that, as a Moslem people, Indonesians had a basic antipathy to communist ideology which, along with the strength of the Masjumi Party and the military, gave 'room for hope' about developments.[36]

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[35] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3752; Cumming to the Secretary of State, 20 Jan. 1954 and Lot 78 D 394, Box 4; NIE 65 - 54 "The Probable Outlook for Indonesia Through 1954"; "The Probable Outlook for Indonesia Through 1954", NIE 65 - 54, 19 May 1954.

[36] NA; RG 263; National Intelligence Estimates Concerning the Soviet Union, 1950 - 1961, Intelligence Publication File, Box 2; NIE 10-7-54; "Communist Courses of Action in Asia

On the issue which had the greatest influence over US policy towards Indonesia, the Administration agreed that a communist threat existed but could not reach a consensus about the extent of that threat. There was unanimity in Washington that, unless the PNI was removed from its dominant position in government, it would be difficult to halt the PKI and this factor emphasised the importance of the forthcoming elections. Washington's ability to act in support of its objectives was, however, limited by the mutual suspicion which characterised relations with Jakarta. Although he thought Indonesians were learning that relations with the US did not involve 'colonialism and domination of local interest', Cumming believed that Americans still suffered from the legacy of 'deep-seated resentment' which Indonesians felt towards the Dutch and with which other 'white European foreigners', including Americans, had been tarred.[37] While the Ambassador was optimistic that, after a difficult start, the US was beginning to made headway in winning over Indonesians, others worried about the effect Sukarno's morals might have on his position in Indonesia and his consequent standing as Washington's "main card" in the country. During 1954, Jakarta was swept by gossip that the President would take a second wife, a decision which Embassy staff believed would leave him open to attack by his political enemies. John Steeves, the Chargé, also regaled Washington with details of the 'sensational and sordid rumours' about Sukarno's personal life, which included relationships with an agricultural student and the wife of a former

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Through 1957", NIE 10-7-54, 7 Nov. 1954 and RG 59; DF 1950 - 1954, 756D.00, Box 3752; Memorandum of Conversation by Philip Haring, of a meeting between Cumming and the Joint Chiefs of Staff Planning and Intelligence Group, 6 Oct. 1954.

[37] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3752; Memorandum of Conversation by Philip Haring, of a meeting between Cumming and the Joint Chiefs of Staff Planning and Intelligence Group, 6 Oct. 1954.

Mayor of Jakarta.[38] While Steeves' report about the 'scandal' surrounding Sukarno implied that Jakarta society thought his behaviour reprehensible, the news was not calculated to improve Sukarno's popularity with the Eisenhower Administration.

Not only did Washington become increasingly disturbed by the internal situation in Indonesia but it was also uncomfortable about Indonesia's foreign policy, believing that the Ali Government was more militant in its conduct of foreign affairs and had shifted away from the 'apparent disposition of his predecessors towards the United States.'[39] Indonesians, however, viewed Ali's approach quite differently. They saw a more activist policy but also one which explored the possibility of co-operation with communist countries while staying within Jakarta's established foreign policy principles. Ide Anak Agung Gde Agung, by no means a radical in Indonesian politics, found the new policy to be perfectly reasonable given the opportunities offered by the post-Stalinist USSR's attitude towards Indonesia, which was now much more friendly. Indeed, he attributes Washington's perception that Indonesia had become anti-American to Dulles' 'rigid views and narrow outlook' which led him to misunderstand a policy which 'at that juncture ... was certainly not anti-American'.[40] While the Administration was unhappy that Indonesia had established diplomatic relations

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[38] NA; RG 84; Djakarta Embassy and Consulate, Confidential File, 1953 - 55: 350, Box 41; 350 Indonesia/Sukarno (Pres) 1953 - 55; John Steeves to Galbraith (Officer in Charge FE : PSA), 7 Sept. 1954. Sukarno's first marriage to Inggit, in 1923, ended in divorce in 1952. He and his "first" wife, Fatmawati, were married in 1943 and he married Madame Hartini in 1954. He would take two further wives, Dewi, who he married secretly in 1959, and Hariati.

[39] Leifer, *Indonesia's Foreign Policy*, pp. 37 - 38.

[40] Ide Anak Agung Gde Agung, *Twenty Years Indonesian Foreign Policy*, (The Hague, Paris, 1973), pp. 184 - 87.

with the USSR and was promoting the PRC's membership of the UN, it was the influence of the communist sympathisers in Ali's Cabinet which really disturbed Washington. Symptomatic of this concern was the matter of the replacement of the Dutch military mission whose work in Indonesia had been brought to an end by the Wilopo Government. Ali, then Ambassador to Washington, had asked the State Department if the US would be willing to provide a replacement mission, a request towards which Dulles was favourably disposed. However, Washington's hopes of extending its military links with Indonesia were dashed by the Defence Minister, Iwa Kusumasumantri, a minister 'subject to communist influence', who decided not to replace the Dutch.[41] To Washington, this episode was clear evidence of the impact of "communist influence" on the way the Ali Government conducted its relations with the US and which, when taken with Jakarta's *rapprochement* with the USSR and its links with the PRC, indicated a leftward shift in Indonesia's world outlook.

The Ali Government's newly activist approach to foreign relations also extended to its prosecution of Indonesia's campaign to secure West Irian, much to Washington's chagrin. Frustrated by the unwillingness of the Dutch to give up West Irian and their own inability to prosecute their claim, the Indonesians decided to refer the issue to the UN in an effort to pressurise The Netherlands to negotiate. In recognition of Washington's pivotal role, Sukarno and Ali both made further attempts to secure US support for the 'mild' resolution they

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[41] NA; RG 59; Lots 58 D 614 and 60 D 60, Australia and New Zealand Desk Files, Subject Files 1949 - 58, Box 9; I. S. Indonesia 1951 - 54; Bedell Smith to Charles Wilson (Secretary of Defense), 23 Jun. 1953 and 15 Mar. 1954.

intended putting before the General Assembly and urged the Administration, if it could not assist them, not to influence other delegations against it.[42] The State Department was horrified at Indonesia's threatened internationalisation of the dispute, a move which it believed could not be constructive. Bedell Smith told Cumming that the Administration wanted to avoid the communists reaping a propaganda advantage from the Indonesians' initiative and instructed him to make strenuous efforts to persuade them not to raise the matter.[43] The Administration's efforts failed and, once more, it was faced with having to decide how to deal with what it saw as an intractable problem made worse by the submission of a resolution calling for the Dutch to agree to talks under UN auspices. Galbraith, now the Indonesia Desk Officer, favoured supporting the Indonesian resolution while Bedell Smith was isolated in wishing to side with the Dutch and the Australians but, crucially, Dulles remained convinced that strict neutrality was the only viable option.[44]

By now, however, the State Department was admitting that its stance was motivated by more than just a desire not to offend either the Dutch, the Indonesians or the Australians. In a detailed exposition of its case, Walter Robertson, Allison's successor as Assistant Secretary for Far Eastern Affairs, emphasised the strategic importance of 'not New Guinea (Irian) alone but the

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[42] NA; RG 59; Miscellaneous Lot Files, Subject Files Relating to Indonesia 1947 - 1958 (Lots 62 D 68 and 62 D 409), Box 20; 1954. 322 Netherlands; Galbraith to Bonsal, 16 Aug. 1954.

[43] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3752; Smith to Cumming, 29 Apr. 1954.

[44] NA; RG 59; Lots 62 D 68 and 62 D 409, Box 20; 1954. 322 Netherlands; Galbraith to Bonsal, 16 Aug. 1954. AA; CRS A5462/1/2/14A; External Affairs Office, London to the DEA, 13 Sept. 1954.

whole Indonesian archipelago' to the security of the offshore island chain and the sea lanes between Asia and Australia. Noting that the Administration also had to take account the fact that the Dutch in West Irian were not going to be displaced by the Indonesians, he concluded that US neutrality on the West Irian issue was 'essential' to the cause of keeping Indonesia non-communist.[45] The State Department had evidently decided that nothing it could do would persuade the Dutch to leave West Irian and that support for the Indonesians would, therefore, be both an empty gesture and a hostage to fortune in the event that US pressure on the Dutch failed. Dulles himself was especially concerned lest any US action in support of the Dutch during the UN debate should 'affect adversely' pro-US elements in the forthcoming Indonesian elections[46] and, so, the best option remained strict neutrality. The wisdom of this position seemed to be confirmed, in December, when the matter was raised and the debate in the UN General Assembly developed into an argument between the Indonesians, the Dutch and the Australians. While the US Delegate, Henry Cabot Lodge, was able to assure Dulles that America had not been caught in the crossfire,[47] Dulles' determination to avoid controversy was compromised by the unofficial actions of members of the US Delegation, who gave 'probably decisive assistance' to the anti-Indonesia lobby.[48]

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[45] NA; RG 59; Lot 58 D 614, Australia and New Zealand Desk Files, Subject Files 1949 - 1958, Box 5; I 6 Netherlands New Guinea; Robertson to Murphy, 3 Dec. 1954.

[46] AA; CRS A 5462/1/2/14; Spender to the DEA, 31 Oct. 1954.

[47] DDEL; Papers of John Foster Dulles, Telephone Calls Series, Box 3; Telephone Conv. - General Nov. 1954 -- Dec. 31, 1954 (2); Telecon with Ambassador Lodge, 11 Dec. 1954.

[48] AA; CRS A5462/1/2/14; Ministerial Despatch No. 3/55, Leader of the Australian UN Delegation to the DEA, 14 Dec. 1955.

Despite Nixon's injunction to the State Department that it should make a greater effort to win over Indonesia, the essential dynamics of the bilateral relationship changed very little. While Indonesians remained unhappy about Washington's emphasis on anti-communism and the State Department's dislike of their foreign policy, the US Administration continued to give the impression that it believed it knew best how to resolve Indonesia's problems. Whether in relation to the rubber industry or Indonesia's broader economic problems, Washington's policies remained limited in scope or unfocussed on Jakarta's priorities, or both, and allowed the Soviets to gain a toehold in Indonesia. As Cumming admitted, the aid programme remained small in relation to the 'monumental' task faced in Indonesia but the level of provision was rationalised by the Administration's assessment that Indonesia could not absorb more.[49] Washington also limited its ongoing aid programme to the provision of technical assistance, a policy which was formalised by the two governments in 1954,[50] just as the more nationalist Ali Government was placing a high priority on industrialisation as a way of breaking away from the colonial economy which still persisted. The Soviets quickly exploited the gap between Indonesia's needs and Washington's willingness, or ability, to meet them by offering what *The New York Times* described as a 'Soviet Point IV' plan amounting to $100 million, which Indonesia would share with India.[51] With Washington looking ever more

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[49] NA; RG 84; Djakarta Embassy and Consulate, Confidential File, 1953 - 55 : 350, Box 39; 350 : Indonesia/Political Situation July - Dec. 1954; Cumming to Senator Bourke Hickenlooper, 19 Nov. 1954.

[50] Jones, *Indonesia : The Possible Dream*, p. 42.

[51] *The New York Times*, 7 Nov. 1954.

expectantly towards the elections in the hope that a more congenial government would emerge in Indonesia, it now found itself involved in both an ideological and an economic struggle with communism there.

The sense that Indonesia was becoming a Cold War battleground appealed to a growing body of opinion within the State Department which theorised that it would be the next major area of conflict in Asia, following the settlement of the Indochina war at Geneva. Supporters of the "domino" theory, including Eisenhower, had long-supposed that communist success in Indochina would lead to the progressive collapse of the rest of Southeast Asia, with Indonesia being the last of the dominoes to fall. According to the "domino" theory then, Indonesia's fate was entirely bound up in the outcome of the Indochinese imbroglio.[52] The apparent conclusion of the war led some analysts in Washington to revise their estimates of communist intentions and to argue that the next target would not be one of the mainland countries, but Indonesia itself. Known as the "leap-frog" theory, this new analysis brought Indonesia centre-stage in the Cold War. Its proponents argued that the loss of Indonesia would trap Southeast Asia in a pincer movement between it and the PRC and would inevitably lead to the capitulation of the rest of the region.[53] The development of the "leap-frog" theory, although it did not supplant its predecessor, had the effect of heightening Indonesia's profile in the State Department's thinking about Cold War policy in

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[52] Robert Divine, *Eisenhower And The Cold War* (New York and Oxford, 1981), p. 41.

[53] Jones, *Indonesia : The Possible Dream*, p. 38.

Asia and reflected what many at Foggy Bottom considered to be the reality of the situation.

As the perceived threat from communism increased and as opinions about the Ali Government hardened, Washington looked to the elections, due in 1955, as a potential solution to its problems with Indonesia. Already backing the Masjumi and, to a lesser extent, the PSI as alternatives to the PNI, the Administration began to implement NSC 171/1's recommendation to build links with anti- and non-communist groups and leaders whilst not appearing to interfere in Indonesia's internal affairs. As concerns mounted about the direction being taken by the Ali Government, so the Masjumi's and the PSI's attractiveness to Washington grew. Despite the unanimity in Indonesia about the West Irian question, both parties strongly criticised the decision to refer the matter to the UN and they also condemned the idea, floated by the Government, of a non-aggression pact with the PRC.[54] The Masjumi also demonstrated its potential as a bulwark against communist subversion by forming an anti-communist front in response to the arrival of the first Soviet Ambassador, on 14 September. Cumming had already responded to the injunction to forge closer links with the opposition parties and, within days of his decision, Steeves, now Counselor at the Embassy, met Dr. Abu Hanifah, a senior Foreign Ministry official and Masjumi supporter. During a wide-ranging discussion, Hanifah told Steeves that the Masjumi feared that the Government would rig the ballot and he made a none too subtle request for covert American assistance to the Masjumi,

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[54] AA; CRS A5462/1/101/6; Political Intelligence Report (29 September - 5 October 1954), 6 Oct. 1954.

citing the example of De Gasperi, in Italy.[55] In spite of Hanifah's warning, the State Department's Head of Intelligence, W. Park Armstrong, remained convinced that the Masjumi would win the election if it was fairly conducted. He told Dulles that the Masjumi was likely to far outstrip the PNI and the PKI and would, if it fell short of an overall majority, form a coalition with the PSI or the NU. Armstrong's optimistic prognostication did admit of the possibility that a PNU/PKI alliance might take power if the Masjumi's plurality was small but his analysis reinforced the Administration's evident belief that success for the Masjumi would limit further communist advances.[56]

Washington's concentration on the Indonesian elections as its best hope for an improvement in relations with Jakarta reflected the extent to which Nixon's appeal to treat Indonesia more seriously had done little to dispel the mutual suspicions which existed between the two countries. Nor had his entreaty resulted in the Administration being able to make significantly greater progress in establishing, through its actions, a better relationship with Indonesia and taking concrete steps to help improve the political and economic situation there. It fell to Cumming to make policymakers in Washington aware that prospects in Indonesia were not 'uniformly gloomy'. He argued that apparent signs of political disintegration were only to be expected in a country as diverse as Indonesia and suggested that this very diversity imparted a certain resilience to

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[55] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3752; Cumming to the Secretary of State, 7 Jan. 1954 and Lots 58 D 614 and 60 D 60, Australia and New Zealand Desk Files, Subject Files 1949 - 1958, Box 9; 123 Cumming, Hugh S.; Memorandum of Conversation by Steeves of a meeting with Dr. Abu Hanifah, 16 Jan. 1954.

[56] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3752; Armstrong to the Secretary of State, 27 Dec. 1954.

shocks which might completely disrupt a more tightly organised state. Cumming also pointed to the basic 'respect and emotional attachment' of the educated elite to Western democratic liberalism and emphasised that Sukarno, despite uncertainties about his future actions, had demonstrated his commitment to keeping Indonesia firmly on a democratic and constitutional path. Cumming did not try to minimise the threat posed by the PKI but reported that, even within the PNI, there were signs that the communists' claim to be a nationalist party were being treated more sceptically. The Ambassador also reassured Washington that the national police and the army could be relied upon to support the state and this analysis formed the basis of his briefing of the Joint Chiefs of Staff, in October.[57]

There was, however, concern within the Administration about the deterioration of Indonesia's financial situation which, if it continued unchecked, was expected to weaken further Indonesia's non-communist leaders. The NSC was told that the situation seemed intractable and that any action which the Government might take to deal with it promised only to give the communists a further advantage. Furthermore, it had been possible for the Administration to take only limited steps to implement the policy contained in NSC 171/1 and it seemed unlikely, therefore, that Washington would be able to influence the situation materially. The air of impending crisis led the NSC to elevate to previously unseen heights the strategic importance Washington attached to Indonesia. At the its meeting on 1 December, Eisenhower, Dulles and the

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[57] NA; RG 59; DF 1950 - 1954, 756D.00, Box 3752; Cumming to the Secretary of State, 14 Apr. 1954 and Memorandum of Conversation by Philip Haring, of a meeting between Cumming and the Joint Chiefs of Staff Planning and Intelligence Group, 6 Oct. 1954.

Secretary of Defense, Charles Wilson, used a debate on policy in the Far East to commit the US, subject to the 'constitutional processes', to 'employ all feasible covert and all feasible overt means, including ... the use of armed force if necessary and appropriate (to prevent Indonesia,) or vital parts thereof', from falling to communism. In proposing this unprecedented course of action, Dulles insisted that Indonesia was 'an essential element' in the offshore island chain despite the advice of the Special Assistant for National Security Affairs, Robert Cutler, that Indonesia had never before been considered a link in the defensive perimeter. The Secretary of State also observed that, if the Indonesian Government was to become communist dominated, Washington would not be able to rely on receiving a request for assistance to prevent a communist take-over. The new policy, therefore, allowed the US to intervene without a 'local' plea for help. While Wilson noted that Indonesia was crucial to the success of US policy in the Far East, the President pointed out that the US had no treaty arrangements with Indonesia, which consequently meant that it had to be dealt with differently from the other nations in the island chain. Despite Cumming's reports that the situation was manageable, the NSC opted, in effect, to categorise the Indonesian Government as unfriendly and decided to authorise the use of extreme measures to prevent Indonesia from going communist. In a sign that the situation was getting to him, Eisenhower asked the NSC, possibly not just rhetorically, 'why the hell did we ever urge the Dutch to get out of Indonesia?'[58]

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[58] DDEL; Ann Whitman File, NSC Series, Box 6; 226th Meeting of the NSC, 1 Dec. 1954 and WHO Records, OSANSA, 1952 - 61, NSC Series, Policy Papers Subseries, Box 12; NSC 5429/5 - Policy Toward the Far East (2); "Current US Policy Toward the Far East", NSC 5429/5, 22 Dec. 1954.

Washington's official view held that Indonesia was set on a course of decline which would result in a communist take-over. This 'drift' was, however, matched by American policy, which had seemingly accepted that there was little that could be done to affect the situation unless a new, and more acceptable, government was installed in Jakarta. The plans to invite Sukarno to the US had been dropped because he had become over-identified with the PNI/PKI alliance and the rubber industry assistance programme had been delayed for six months with the result that there was nothing positive about US-Indonesian relations at the time the NSC met in December. Indeed, the issues which dominated high-level consideration of Indonesia were the continued indecisiveness of the Ali Government and the reported growth of the PKI.[59] In this context, the NSC's decision to authorise the use of drastic measures to prevent a communist take-over represented as much a failure of American policy as it did concern at the situation in Indonesia. It also provided more evidence of the gap between the thinking of the senior politicians and the officials most closely involved in carrying out that policy.

The State Department continued to believe that NSC 171/1 gave the US 'ample opportunity' for securing its objectives in Indonesia and argued that military intervention would be feared, and opposed, by Indonesians as a reimposition of foreign domination. It recommended that military action should only be taken as a last resort and that, in this event, it should not involve the

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[59] DDEL; WHO Records, National Security Council Staff : Papers 1948 - 61, OCB Central File Series, Box 41; OCB 091. Indonesia (File #3) (1) [January 1955 - January 1956]; "Progress Report on NSC 171/1 (Indonesia), 12 Jan. 1955.

ANZUS powers.[60] This issue was symptomatic of a wider misunderstanding of Indonesia in the Administration which contributed to the lack of success of its policies. Francis Underhill, the Vice-Consul in Jakarta and soon to be Indonesia Desk Officer at the State Department, ascribed much of the opposition to the Manila Pact to Indonesians' resentment at being told what the dangers were that they faced and what should be done about them. After three hundred years of Dutch governance, Underhill reported that Indonesians just wanted to be dealt with as equals and not be preached to, patronised or treated with condescension. He highlighted the tact with which the Soviets conducted relations with Jakarta, citing Soviets references to 'mutually beneficial economic relations' rather than 'aid' or 'assistance'. In Indonesian culture, he explained, the receipt of a gift induced a feeling of dependence until a gift could be returned. Underhill's comments accurately identified some of the cultural and psychological factors behind the impotence of American policy in Indonesia and which, as the NSC prescribed yet another remedy for Indonesia's ills, still went unrecognised within the US foreign policymaking elite.[61]

The announcement, in December 1954, that an Afro-Asian Conference would be held in Indonesia presented Washington with another foreign policy problem. Although the conference had been the brainchild of the Prime

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[60] NA; Records of the Policy Planning Staff Relating to State Department Participation in the National Security Council (Lot 61 D 167), Box 14; Indonesia, US Objectives & Courses of Action (NSC 171, 171/1); "Principal Considerations With Respect To US Policy Toward Indonesia", attached to Robert Bowie (State Representative Planning Board) to the NSC Planning Board, 3 Feb. 1955.

[61] NA; RG 59; DF 1955 - 1959, Box 3438; 756D.00/1-355; Underhill to Kenneth Young, 17 Feb. 1955.

Ministers of India, Pakistan, Ceylon, Burma and Indonesia, it was Sukarno who was credited with being the inspiration behind it and State Department analysts noted that the domestic and international prestige of the Indonesian leadership would be affected by its outcome. The challenge presented to Washington by the conference, to be held at Bandung, was not just confined to Indonesia's standing in the world. In resurrecting the possibility of the emergence of a third bloc of countries, the conference revived Washington's fear that its anti-communist alliances, especially in Asia, might be destabilised. The State Department was keen to prevent the African and Asian countries from dealing with the outside powers as a bloc and Dulles, in particular, was worried that such a development could lead to an 'anti-Western and anti-white course in Asia'.[62] Washington's principal concern, however, was that the conference would end the quarantine of the PRC and provide it with a propaganda platform. The Bandung Conference was seen, by the Administration, as a response to the Manila Pact, which Indonesia had not joined, and represented, for the CIA, yet another example of Sukarno's fraternisation with the communist Chinese - he was, as the CIA agent responsible for Indonesia put it, 'in the process of selling his charisma, if not his soul, to the communists ....'[63]

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[62] Jones, *Indonesia : The Possible Dream*, p. 45. NA; RG 59; Records of the Bureau of Far Eastern Affairs 1955, Conferences Meetings & Visits 1955 (Lot 56 D 679), Box 1; Afro-Asian Conference; "Developments Relating to the Bandung Conference", Department of State Office of Intelligence and Research Report 6830.2, 4 Mar. 1955 and Executive Secretariat, The Secretary's and the Undersecretary's Memoranda of Conversation 1953 - 1964, (Lot 64 D 199), January 1955 to August 1955, Box 3; Secy M of Con Jan - Feb. 1955; Memorandum of Conversation by Dulles, 27 Jan. 1955 and Secy M of Con March - April 1955; Memorandum of Conversation by Dulles of a meeting with Charles Malik, 9 Apr. 1955.

[63] UNA; Office of the Secretary-General, The Executive Office : Office of the Executive Assistant (1946 - 61), Files of the Executive Assistant - Political Matters, DAG-1/1.1.1.3, Box 14; Note on the Asian-African Conference to be Held in Indonesia in April 1955; Note on the Asian-African Conference to be Held in Indonesia in April 1955, 14 Jan. 1955. Smith, *Portrait Of A Cold Warrior*, p. 209.

Dulles' initial reaction, also shared by many at the State Department, was that the Conference should be prevented from taking place and initial planning was directed at either aborting the meeting altogether or dissuading enough 'significant' countries from attending as to make it meaningless.[64] However, this negative attitude came under attack from a number of quarters. Cumming thought that a more sophisticated approach would pay dividends. He proposed that Washington should welcome the Conference but keep a careful watch on it and take the opportunity to do some discreet lobbying of participants. The British and the French took a similar line, arguing that it would be best not to show any sign of anxiety about the Conference and suggesting that friendly countries should be briefed to put the West's case at the Conference. In the face of this pressure, and after it became clear that the important Arab countries would be attending, Dulles reluctantly changed his mind and Washington embarked on a campaign with other Western powers to influence the outcome of the Conference.[65] By the time it took place, in the last week of April, the State Department had co-ordinated activity with the UK, France and Australia to ensure that the West's cause was fully promoted at Bandung. The Western powers used a Manila Treaty Powers meeting to prime Pakistan, the Philippines and Thailand to resist any effort to condemn the Manila Pact and they divided between themselves the work of lobbying attendees.[66] Dulles himself played a

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[64] NA; RG 59; Lot 56 D 679, Box 1; Afro-Asian Conference - Jan. 1955; "US Position re Afro-Asian Conference", attached to Charles Stelle to Robert Murphy (Deputy Undersecretary for Political Affairs), 7 Jan. 1955.

[65] AA; CRS A1838/278/3002/1; Ministerial Despatch No. 3/55, Australian Embassy, Jakarta, to the DEA, 29 Apr. 1955. NA; RG 59; Lot 56 D 679, Box 1; Afro-Asian Conference - Jan. 1955; Murphy to the Secretary of State, 18 Jan. 1955.

[66] AA; CRS A1838/283/TS383/1/1/1; Report by Casey of the Manila Powers meeting in Bangkok, 23 - 25 February 1955, attached to Acting Secretary of the DEA to the Secretary,

significant part in the effort to secure a favourable outcome. He used the conflict in the Formosa Straits to argue with the Lebanese delegate, Charles Malik, and the Philippines' Foreign Minister, Carlos Romulo, that the Bandung Conference could lead to war if the PRC was given either the private or public support of participants. Romulo left Washington with a draft resolution, supplied by Dulles, which called for a non-violent solution to be found to the dispute, together with the promise of a nuclear reactor for research as a demonstration of the US commitment to the peaceful use of atomic energy.[67]

The Eisenhower Administration viewed the Bandung Conference as another battlefield in the Cold War and its analyses of the Conference reflected this viewpoint. Cumming proclaimed that the Conference had been 'more than an 85 per cent victory' for the West while an assessment drawn up by the Embassy attributed the 'considerable substantive success' won by the free world to the work of the 'partisans of the western world' who had blunted the expected communist diplomatic offensive.[68] The State Department concurred with this view and even found evidence that the Conference might lead to an improvement in relations with Indonesia. The Ali Government had not only organised the Conference efficiently but, officials noted, had not followed 'the Communist

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Department of the Treasury, 17 Mar. 1955 and A1838/278/3002/1; DEA to the Australian High Commission, London, 23 Mar. 1955.

[67] NA; RG 59; Lot 64 D 199, January 1955 to August 1955, Box 3; Secy. M of Con. Mar - Apr 1955; Memoranda of Conversation by Dulles of meetings with Malik, 9 Apr. 1955, with Romulo, 14 Apr. 1955 and with Nelson Rockefeller (Special Assistant to the President), 6 Apr. 1955.

[68] AA; CRS A1838/278/3002/1; Ministerial Despatch No. 3/55, Australian Embassy, Jakarta, to the DEA, 29 Apr. 1955. NA; RG 59; Records Relating to State Department Participation in the Operations Coordination Board and the National Security Council 1947 - 1963 (Lot 62 D 430), Box 34; Afro-Asian Conference; "Evaluation of the Bandung Conference", attached to Elmer Staats (Executive Officer, OCB) to the OCB, 12 May 1955.

party line' and had, as a consequence, strengthened its domestic position.[69] Furthermore, a State Department analysis of the Conference concluded that the emergence of a third world 'consensus' might lead to a reduction in anti-western sentiment. Noting that greater self-confidence had been generated among participants at Bandung, officials argued that the 'lingering sense of inferiority' which caused much anti-western feeling would erode over time and that it could even result in a relaxation of cold war tension. Washington's assessment of the struggle with the PRC for the hearts and minds of the participants was, however, more mixed. To Washington's delight, the Conference endorsed the right of nations to defend themselves collectively so long as these arrangements did not serve big powers' interests. Delegates also condemned colonialism of all kinds, thus fulfilling Washington's hope that communist expansion would be opposed, supported UN Charter commitments to human rights and gave a higher priority to disarmament over calls to prohibit the proliferation of nuclear weapons, thus satisfying the Administration's objectives. American diplomacy failed, however, to prevent Chou En Lai, the PRC's Foreign Minister, achieving a great personal success at Bandung. By adopting a moderate and flexible approach, Chou was able, according to the State Department's analysts, to convince attendees of his own integrity and of the PRC's pacific intentions. Revealing the failings of Washington's approach which emphasised US concerns over Asian ones, American observers noted the PRC's identification with Asian interests might 'blind' participants to the real danger it posed. Apart from implying that the Chinese were not themselves Asian, this analysis once more revealed

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[69] AA; CRS A5462/1/2/1/1A; Australian Embassy, Washington, to the DEA 28 Apr. and 11 May 1955.

Washington's unwillingness to allow other peoples to make their own judgements about communism.

The Administration's concentration on the struggle with communism resulted, however, in a failure to understand the Conference properly. By emphasising the need to win support for its own policies, Washington had not appreciated the real importance of the Conference for the participants. Norman Cousins, writing in the *Saturday Review*, pointed to the Conference's historic significance and saw it more as a ceremony than a conference. For Cousins, the graduation of the African and Asian nations out of colonialism and into 'the family of free nations' outweighed the proceedings at Bandung.[70] Other unofficial American assessments of the Conference also challenged the Administration's view that it had triumphed in the debates. Journalist Ethel Payne reported that denunciations of the US and USSR had been much more even-handed than Washington's analyses had implied. She agreed that the 'trump card' of the Conference had been the 'damnation of communism as a new form of colonialism' but informed readers that '... included, if not written into the resolutions, was a strong indictment against the arrogant patronage of the US.' Rather than seeing Bandung as a victory, Payne argued that it presented Washington with an opportunity to prove its sincerity to the 'vast uncommitted blocs' but insisted that this would require a re-assessment of US foreign policy. Congressman Adam Clayton Powell, for one, was not convinced of the Administration's ability to meet the challenge when he denounced it for not

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[70] LoC; Mintz Papers, Box 16; Asian-African Conference, Bandung, Indonesia, 1955; "Report from Bandung" by Norman Cousins, *Saturday Review*, 21 May 1955.

sending a message to the Conference, unlike the Soviets.[71] Despite these views, there was a much more positive, if not relieved, attitude in Washington after Bandung. It seemed that the Administration's efforts had paid off with the newly emergent nations in general, and Indonesia in particular, showing that they could be persuaded into the Western camp.

The Bandung Conference coincided with the final stages of the review of US policy towards Indonesia which had flowed from the NSC's 1 December, 1954, meeting. On 12 May, the NSC considered, and agreed, NSC 5518 which updated policy and brought together the previous policy, the NSC's authorisation to use military and covert measures to prevent Indonesia going communist and the deferred rubber industry revitalisation programme. The new policy acknowledged the reduced risk of a communist take-over in Indonesia but still was chiefly concerned with fighting the 'long-run danger' of internal subversion. Nevertheless, NSC 5518 reflected the more positive outlook which prevailed in Washington and provided evidence of greater confidence in the conduct of policy.

The Administration remained committed to preventing the loss of Indonesia to communism, to persuade it to affiliate with the West and to assist in the development of a 'stable, free government' capable of resisting communist threats. The State Department had successfully argued that, in carrying out this policy, the NSC's decision to take overt, including military, action in concert

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[71] LoC; Papers of Ethel L. Payne, Box 18; Folder 10 : Asian-African Conference, Bandung, Indonesia - Articles by Payne 1955 - 56; *Defender*, 6 Aug. and 23 Apr. 1955.

with ANZUS should be struck down. However, the new policy gave the Administration far wider scope to take action by authorising it to take both overt and covert action in concert with 'other nations as appropriate', thus potentially allowing the involvement with the UK and the Manila Pact signatories in addition to Australia and New Zealand. Given that the NSC accepted that the risk of an external threat was 'now remote', the new policy opened up the possibility of a co-ordinated covert campaign being mounted by the West and its allies against perceived internal subversion in Indonesia. Despite the injunction to avoid the appearance of interference in Indonesia's internal affairs, US policy now formally sought the election of a government not dependent upon the PKI and the promotion of 'free labor' and other organisations, as Nixon had demanded. Further enhancing the Administration's concentration on the conquest of internal communist opposition, the NSC decided that it would seek to forge closer links with the Indonesian military and police forces by providing them with equipment and training and by ensuring that the West was 'the principal source' of materiel to both.

In an attempt to balance the essentially defensive, anti-communist elements of the policy, NSC 5518 sought to accommodate the views of those, including many Indonesian friends of the US, that the projection of a positive image of itself would reap benefits. Convinced that contact with the US would give Indonesians a better understanding of America, the NSC agreed a wide ranging programme of travel, study and training for Indonesians and sought to inject an ideological element into policy by re-emphasising the American tradition of anti-

colonialism. Although the NSC sought to develop a more positive policy, it found this difficult to achieve. With the Soviets willing to offer economic assistance, the Administration felt the need to be more expansive than it had been previously. The new policy document, therefore, promised a lengthy, but vague, wish-list of measures designed to help Indonesia modernise its economy by attracting private capital, diversifying production and developing trading links with other countries. However, the Administration's ability to help was limited by internal divisions over policy. The NSC itself was split over the plan to modernise the Indonesian rubber industry with the Commerce Department arguing that the scheme was attracting much opposition within Indonesia. The State Department accepted that many Indonesians were upset at the prospect of inferior quality trees being uprooted, but persuaded the NSC to allow Dulles the discretion to decide when to implement the plan.[72] The debate over the rubber industry plan demonstrated the difficulties faced by Washington in generating a positive image for itself in Indonesia. Not only was it hard to reach agreement on attractive policies but there was no certainty that, when developed, they would appeal to the intended beneficiaries.

Despite these problems, events seemed to be favouring Washington when, on 25 July, the Ali Government was forced to resign after becoming involved in a dispute with the army over the appointment of a new Chief of Staff. The crisis erupted when intra-army tension was aroused by the Government proposal, which

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[72] DDEL; WHO Records, 1952 - 61, NSC Series, Policy Papers Subseries, Box 16; NSC 5518 - Policy Toward Indonesia (2); "US Policy On Indonesia", NSC 5518, 3 May 1955 and Ann Whitman File, NSC Series, Box 6; 248th Meeting of the NSC, 12 May 1955.

had Sukarno's backing, for a new army Chief of Staff to replace Nasution's successor. The army's success in bringing down the Government not only established its political power but also, from Washington's point of view, got rid of a much-disliked government.[73] Its successor, led by Burhanuddin Harahap, was a coalition of the Masjumi and the PSI and was much more to Washington's liking. It promised to attack inflation, stamp out corruption, settle the grievances of the regions and oversee the forthcoming elections. All of this was well-received in the State Department, where Kenneth Young, the Director of the Office of Philippine and Southeast Asian Affairs, noted that the new Prime Minister had also signalled his Government's desire for closer relations with the US. Although Young expected little change in Indonesia's independent foreign policy, he thought Harahap would take a more moderate line over West Irian.[74] The extent of the shift in the political landscape was emphasised further when the new Government restored Nasution to his former position as army Chief of Staff thus marking the rehabilitation of the anti-Sukarno "17 October" plotters.

With the long awaited Parliamentary elections due in September, a friendly government in power and evidence pointing toward a Masjumi victory in the ballot, the political situation was now more favourable to US interests than at any time since 1950. In spite of this, reports from Cumming that elements in the PNI might be seeking a *rapprochement* with the Masjumi had raised doubts in Young's mind that his view of Indonesian politics as a 'polarity' between the PNI

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[73] Kahin and Kahin, *Subversion As Foreign Policy*, p.49.

[74] NA; RG 59; DF 1955 - 1959, Box 3438; 756D.00/7-1555; Cumming to the Secretary of State, 12 Aug. 1955 and 756D.00/9-155; Young to Robertson, 2 Sept. 1955.

and the Masjumi might be 'oversimplified'.[75] Despite these doubts, Washington's relationship with the Masjumi remained close. The Embassy relied on the party for much of its political intelligence, including its predictions of the election's outcome, and the CIA, which had an American Moslem working undercover in the party, had given the Masjumi $1 million to support its campaign.[76] There was, therefore, great consternation in Washington when initial results from the election indicated that the PNI and the PKI had done far better than expected and might even form the next government. After all the ballots had been counted, it became clear that the new Parliament would be dominated by four parties which had taken 198 out of the 257 seats - the PNI (22.3 per cent of the vote) and the Masjumi (20.9 per cent) with fifty-seven seats each, the NU (18.4 per cent) with forty-five and the PKI (16.4 per cent) with thirty-nine. Even though the final result did not confirm Washington's worst fears, it did expose the poverty of US intelligence in Indonesia and its understanding of the political situation.

The outcome of the election demonstrated how Washington's identification with the Masjumi and the PSI had led it to make serious policy misjudgements. Only after the election did it become clear that its reliance on these two parties to form an anti-communist bulwark in Indonesia had been misplaced. The PSI had been destroyed as a political force, probably because of its association with the plot of 17 October 1952, while both the CIA and the Embassy had accepted at

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[75] NA; RG 84; Djakarta Embassy and Consulate, Confidential File, 1953 - 55: 312 - 322, Box 37; 320 : Indonesia-US Relations 1953 - 55; Young to Cumming, 8 Feb. 1955.

[76] AA; CRS A5954/1/2279/2; Australian Embassy, Jakarta, to the DEA, 9 Jul. 1955. Smith, *Portrait Of A Cold Warrior*, pp. 202 - 08.

face value assurances from the Masjumi that the NU would have no impact on Indonesian politics, and its vote.[77] The Embassy had failed to develop any links with the NU and Cumming reported that it was unable exert any influence over it or keep track of it since it had no reliable or a contact within its leadership.[78] All of this, together with the PNI's surprisingly strong showing and the PKI's vote, led Young to conclude that Embassy staffing needed to be increased and more Indonesian language officers provided.[79] Washington's concentration on the Masjumi and the PSI had also weakened its standing with the PNI and Sukarno, which caused two principal problems for the State Department. The first was that Washington had no way of influencing the PNI towards joining a PNI-Masjumi-NU coalition government, which the Administration favoured. The second, and most important, problem involved Sukarno who not only, in Cumming's view, dominated the PNI but was becoming a crucial player in his own right once more. The Ambassador warned Washington that the election had broken the elite's monopoly on Indonesian political life and that 'the masses (would) have a more important, if not determining, role' in future. He warned that Sukarno had spotted this and had began to restore his power by appealing to popular sentiment.[80] Washington's decision to throw in its lot with the Masjumi had effectively closed off its lines of communication to Sukarno and, as Dulles

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[77] Smith, *Portrait Of A Cold Warrior*, p. 208.

[78] NA; RG 59; Lot 60 D 60, Indonesia Desk Files 1950 - 56, Box 10; 123 Cumming, Hugh S. Jr. 1955; Cumming to Young, 25 Nov. 1955.

[79] NA; RG 59; Lot 60 D 60, Indonesia Desk Files 1950 - 56, Box 10; 123 Cumming, Hugh S. Jr. 1955; Young to Cumming, 7 Oct. and 22 Nov. 1955.

[80] NA; RG 59; Lot 60 D 60, Indonesia Desk Files 1950 - 56, Box 10; 123 Cumming, Hugh S. Jr. 1955; Cumming to Young, 25 Nov. 1955.

admitted to the NSC, it was 'in no position to exert pressure on him' in support of US policy.[81]

The disparity between Washington's interest in Indonesia, evidenced by its willingness to use military force to prevent a communist take-over, and the way it conducted its policy became evident in the post-election period. Despite being committed, by NSC 5518, to encourage the emergence of a non-communist government, the Administration took few practical steps to ensure that it could respond to the election results. Moreover, it failed to give hope that any moderate government which might emerge would receive better treatment than the Ali Government had on the issue which dominated Indonesian national politics, that of West Irian. In the face of continued Dutch refusals to negotiate, Washington maintained its public neutrality when the Harahap Government referred the matter back to the UN General Assembly. Even 'a conservative old ex-colonialist and NATO enthusiast' like Cumming doubted the wisdom of Washington's obduracy. In a demonstration of the pragmatism which seemed to elude officials in Washington, he told Young that he saw US support for the *status quo* as 'a major obstruction to the ... continuance in power of moderate non-Communist political forces in Indonesia.'[82] Yet the prospect of a radically new approach being taken was remote. Dulles remained unconvinced of the utility of reviving the invitation to Sukarno to visit the US, despite Eisenhower's recognition that such a step might be necessary, while his brother, Allen, the

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[81] DDEL; Ann Whitman File, NSC Series, Box 7; 271st Meeting of the NSC, 22 Dec. 1955.

[82] NA; RG 59; Lot 60 D 60, Indonesia Desk Files 1950 - 56, Box 10; 123 Cumming, Hugh S. Jr. 1955; Cumming to Young, 25 Nov. 1955.

Director of the CIA, took a more hawkish view of the situation in Indonesia than did the State Department and had, since 1953, been developing closer links with the Australians, who shared his opinions.[83] However, the Dulles brothers' antipathy towards Indonesia, and Sukarno in particular, reflected only one side of the generally fragile condition of US-Indonesian relations. Commenting on the generally improved state of relations between the two countries, the British Ambassador in Jakarta, Oscar Morland, noted that Indonesians still found Americans 'instinctively uncongenial' and would quickly renew hostilities with Washington following any 'major mistake' by the Administration in its conduct of policy.[84] Although the election had marked a significant stage in Indonesia's development as an independent nation, the Administration was uncertain what its response, if any, should be. While Cumming pressed for a signal to be given to Sukarno, the Dulles' brothers remained unwilling to make a concession of such magnitude to a leader who had failed to show unambiguously his commitment to the "free world".

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[83] DDEL; Ann Whitman File, NSC Series, Box 7; 271st Meeting of the NSC, 22 Dec. 1955. NLA; Casey Family Papers, Lord Casey's Diary, Box 27; Entry for 12 Sept. 1953. AA; CRS A1838/2/TS383/6/1; Spender to Casey, 5 Jan. 1955.

[84] PRO; FO 371/23539; "Indonesia : Annual Review for 1955", 26 Jan. 1956.

7. From Diplomacy To Armed Intervention (January 1956 - May 1958)

Despite the Dulles brothers' concerns, the Administration's realisation of just how little influence it had in Jakarta forced it to reconsider what had been an essentially negative policy towards Indonesia. Also, State Department officials dealing with policy towards Indonesia had concluded that a more positive approach was necessary. In particular, they were worried that Washington's policy of 'strict neutrality or strict inactivity' on all aspects of Dutch-Indonesian relations could end in an 'explosive anti-Dutch reaction' which would set back US interests in Indonesia.[1] The Administration also found itself under pressure in the media for its lack of friendliness towards the Ali Government. For example, *The New York Times* supported nationalist criticism of Washington's portrayal of the entire PNI as fellow-travellers and its failure, thereby, to mobilise nationalism in the struggle against the PKI.[2] It was in this context that Cumming was recalled, to Washington, in December 1955, to discuss how the Administration might respond to the new situation.

The State Department's main problem was whether to invite Sukarno to visit the US. Although there was a need for the Administration to build a relationship with the Indonesian President, the decision was by no means clear-cut. Those who favoured extending an invitation, like Cumming, knew that Sukarno badly wanted to make an official visit to America, a country whose political traditions

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[1] NA; RG 59; Lots 62 D 68 and 62 D 409, Box 20; 1956 : 322 New Guinea; Young to Robertson, 6 Jan. 1956.

[2] *The New York Times*, 19 Jan. 1956.

he claimed had greatly influenced him. They were also aware that the State Department had received intelligence that the USSR and the PRC might be about to issue invitations of their own and wanted to forestall adverse comment by inviting Sukarno first. Others in the Administration thought Sukarno's professed admiration for Jefferson and Lincoln only masked a greater liking for Marx. Cumming later remarked that this group, which included 'some very high government officials', also found Sukarno's 'personal morals ... highly objectionable'. They thought he was only seeking self-aggrandisement and was willing to accept help from any country, including the USSR and the PRC, to expand his personal power. The decision to invite Sukarno was eventually taken on the pragmatic grounds that there was nobody else Washington could deal with if it wanted to foster good relations with Indonesia and despite uncertainty about how the visit would turn out. In order to maximise the invitation's impact, it was agreed that Dulles himself would visit Jakarta to ask Sukarno to make the visit.[3]

– The Secretary of State's visit to Indonesia, although it only lasted a day, fed the perception that US-Indonesian relations were improving and even Dulles managed, albeit grudgingly, a positive assessment of the situation. At his meeting with Sukarno, on 12 March, Dulles congratulated the Indonesian President on the conduct of the elections. He also assured Sukarno that Washington had no intention of pushing Indonesia into international involvements which would prevent it from 'concentrating on (the) internal

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[3] UVaL; Special Collections Department; Hugh S. Cumming Jr. Papers (#6922), Box 2; The John Foster Dulles Oral History Project - Interview with Ambassador Hugh S. Cumming Jr. 1966 - 67; Transcript of a Recorded Interview with Ambassador Hugh S. Cumming Jr., 3 Dec. 1966 and Box 12; Correspondence : I - K 1957 & 1961 - 1977; Cumming to Ide Anak Agung Gde Agung, 28 Jul. 1976.

development which is essential for national persistence.' For his part, Sukarno stressed Indonesians' unity of purpose concerning West Irian and told Dulles that the communist countries had a clearer policy on Asian nationalism than the American one, which he described as 'dumb'. He also countered Dulles' request for an explanation of Indonesia' neutrality in the Cold War by asking the Secretary why the US was neutral between Indonesia and The Netherlands.[4]

Despite initial doubts about the worth of Dulles' visit, the Embassy thought it had been 'quite successful' and had allowed a useful exchange of views to take place. Even Dulles believed that his meeting with Sukarno had been valuable in helping to ensure the exclusion of the PKI from the new Government, which was sworn in on 21 March.[5] The Indonesian President, while pleased to accept the invitation to visit the US, was less sure about the meeting's worth and he passed a message to Eisenhower that there had been issues which he had felt unable to raise with Dulles. He had wanted, it was reported, to discuss Indonesia's attitude towards US aid, which he likened to that of a woman in love for whom 'jewels are not enough -- she wants the heart as well', a view which he no doubt believed would not appeal to the Secretary of State.[6]

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[4] NA; RG 59; Bureau of Far Eastern Affairs, Miscellaneous Subject Files, Far East General, Oct. - Dec., to Japan, Jan. - July 1956, Box 1; Indonesia 1956; Cumming to Robertson, 4 Apr. 1956. DDEL; Ann Whitman File; Dulles - Herter Series; Dulles, John Foster Mar '56; Dulles to Eisenhower, 13 Mar. 1956 and DDE Diary Series; May '56 Goodpaster; Memorandum of Conference with the President, 15 May 1956. Present were Eric Johnson and Colonel A. J. Goodpaster.

[5] AA; CRS A1838/272/250/10/7/6; J. M. McMillan (Counselor, Australian Embassy, Jakarta, to Watt, 15 Mar. 1956. DDEL; Ann Whitman File, NSC Series, Box 7; 280th Meeting of the NSC, 22 Mar. 1956.

[6] DDEL; Ann Whitman File; DDE Diary Series; May '56 Goodpaster; Memorandum of Conference with the President, 15 May 1956. Present were Eric Johnson and Colonel A. J. Goodpaster.

The possibility that the Indonesian leadership might have a more sanguine view of relations with Washington did not seem to penetrate the State Department, where optimism about the future dominated thinking. The Administration regarded the new PNI-Masjumi-NU coalition as a step in the right direction, despite being led by Ali, and as evidence that the fractious Indonesian political parties might, at last, be willing to subordinate their rivalries to the task of halting the PKI's rise. This drew a cautious welcome from Dulles, who thought the new Government to be 'better than anticipated.'[7] Meanwhile, Kenneth Young, the Director of the Office of Philippine and Southeast Asian Affairs, had taken the opportunity afforded by the thaw in relations to press for a more positive approach to policy. He told Walter Robertson, the Assistant Secretary for Far Eastern Affairs, that Indonesia deserved a 'more important role' in the making of US policy in Asia than it had been given previously. He argued that a 'free, stable and developing' Indonesia could become one of the most influential countries in Asia and might, along with Japan and India, be 'a long-range counterweight to Red China.' Young advised Robertson that this objective could take five to ten years to realise and said that, as a first stage, Indonesia should be allowed to strengthen itself 'within its understandable policy of non-alignment'.[8] Indeed, in the early months of 1956, it seemed possible that Indonesia's neutralism might be more acceptable to Washington. This was certainly the opinion of the Australian Ambassador, Percy Spender, who pointed to statements by Eisenhower that the US should 'respect the right of each nation

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[7] DDEL; Ann Whitman File, NSC Series, Box 7; 280th Meeting of the NSC, 22 Mar. 1956.

[8] NA; RG 59; Lots 62 D 68 and 62 D 409, Box 20; 1956 320 United States: Young to Robertson, 21 Mar. 1956.

to choose its own path' to back his claim that the Administration had adopted a more relaxed approach towards the neutralist nations. In this new atmosphere, Spender reported, Washington would not insist that neutral nations join alliances with the West but, merely, that they stayed out of the Soviet orbit.[9]

Sukarno's tour of the US, in May and June, was intended by both sides as a fresh start in US-Indonesian relations.[10] While the public side of the visit more than lived up to expectations, the Indonesian leader's dealings with senior Administration officials both reflected and reconfirmed the mutual distrust and dislike which had characterised the relationship up to that point and this resulted in the impetus towards a closer rapport between the two governments being lost. Sukarno's open and approachable style made a great impression on American public opinion and he was fêted in the newspapers. Howard Jones, later to become Ambassador to Indonesia, recalled how Americans had never seen a politician with his manner before - according to one newspaper reporter, Sukarno, unlike American politicians, shook babies' hands and kissed their mothers - and that they reacted warmly to him. However, the highpoint of the visit was his address to a joint session of Congress, on 17 May. With Eisenhower present, Sukarno told his audience that they had nothing to fear from Asian nationalism and praised Congressional support for anti-colonialism, reminding the assembled dignitaries that Indonesians would not consider their revolution complete until West Irian was recovered. Noting that freedom of

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[9] AA; CRS A5462/1/2/4; Despatch No. 4, Spender to Casey, 19 Jun. 1956.

[10] Ide Anak Agung Gde Agung, *Twenty Years Indonesian Foreign Policy*, p. 181.

expression and freedom from want were, for Indonesians, indivisible from each other, the President said that Asians wanted economic and political stability and criticised US military aid as a destabilising factor in the region. He argued that only through economic development would Asians come to cherish their hard-won freedom and implicitly told his hosts that Indonesia's 'unsatisfied heart' needed injections of development aid if it was to consolidate itself. The speech was given an ecstatic response by the politicians present. One Congressman called it 'a sensation' and said it had been the best ever made by a visiting statesman, with the possible exception of Churchill.[11]

Despite the acclaim Sukarno received, he was unable to replicate this public triumph in his dealings with Eisenhower and Dulles. When he met Eisenhower, there was 'an immediate nonmeeting of minds' and, despite Sukarno's efforts to engage the President about Asian nationalism, all they managed to discuss, according to Sukarno, was their mutual love of films. To make matters worse, Eisenhower declined his guest's invitation to visit Indonesia. Dulles, too, gave no indication to the Indonesian President that he believed US-Indonesian relations had fundamentally changed for the better. In discussions with Sukarno, the Secretary of State reverted to his hard line on neutralism, denouncing it as 'immoral', and told Sukarno he had to choose sides in the Cold War.[12] Publicly, at least, Sukarno proclaimed the visit a success, but he failed to persuade the

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[11] Jones, *Indonesia : The Possible Dream*, p. 233. Sukarno's speech can be found in *DSB*, Vol. XXXIV, Number 884, 4 Jun. 1956.

[12] Cindy Adams, *Sukarno : An Autobiography. As Told To Cindy Adams*, (Indianapolis, New York, 1965), p. 277. *The New York Times*, 22 Apr. 1957. Harsono, *Recollections Of An Indonesian Diplomat In The Sukarno Era*, p. 127.

Administration to support the Indonesian claim to West Irian and was, despite the impression gained by US officials at the time, overwhelmed by the hopelessness of ever raising his people's standard of living to that enjoyed by Americans. In his assessment of the visit, the British Ambassador in Jakarta agreed that very little had been achieved during Sukarno's visit, noting tartly that 'the most tangible trophy' Sukarno took back with him was an American air-hostess.[13]

That US-Indonesian relations did not benefit from Sukarno's trip to America had much to do with the irreconcilability of the respective leaderships' views of the communist threat. This dysfunction, which was both political and cultural, led Washington to regard Sukarno as unacceptably tolerant of the PKI, while Sukarno, and most Indonesians, resented Washington's fixation with the struggle against communism as interference in their internal affairs. The Administration's doubts about the Indonesian leader persisted despite the formation of the second Ali Government. For, although it conformed with American plans, it had been installed only after Sukarno's pressure for communist participation had been rejected by the three main coalition partners.[14] In Washington's eyes, therefore, Sukarno was a danger because he continued to be both the focus of Indonesian political life and a friend of communism. However, the Javanese, and Sukarno in particular, viewed things differently. In

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[13] Kahin and Kahin, *Subversion As Foreign Policy*, p. 81. AA; CRS A1838/272/250/10/7/6; Australian Embassy, Washington, to the DEA, 18 Jun. 1956. UVaL; Special Collections Department; Hugh S. Cumming Jr. Papers (#6922), Box 2; The John Foster Dulles Oral History Project - Interview with Ambassador Hugh S. Cumming Jr. 1966 - 67; Transcript of a Recorded Interview with Ambassador Hugh S. Cumming Jr., 3 Dec. 1966. PRO; FO 371/129509; "Indonesia : Annual Review for 1956", Dermot McDermot to Selwyn Lloyd, 30 Apr. 1957.

[14] *The New York Times*, 21 Mar. 1956.

contrast to the secular notion of power common in the West, Javanese culture saw power as a divine gift which gave its possessor the ability to dominate events and people. This 'mystical, quasi-religious and intensely personal' concept of power pre-disposed Sukarno to resist attempts to deflect him from pursuing courses of action which he thought best for Indonesia. One of these was *gotong rojong*, a traditional Indonesian method of achieving objectives by co-operation, which formed the basis of the President's desire to see communist involvement in the Indonesian government.[15] Sukarno's wish to adopt traditional methods to solve the manifold problems facing Indonesia thus conflicted absolutely with Washington's policies on the complete exclusion of communists from positions of influence. That neither side understood the other's point of view is clear and the consequence was that a closer relationship between the US and Indonesia was made more difficult.

Sukarno's visits to the USSR, in August, and to the PRC, in October, confirmed his growing disenchantment with the US world view and punctured even the public bubble of optimism which Americans held about Indonesia. Although Washington had remained calm about the deterioration in Indonesian-Dutch relations, which had followed the collapse of Harahap's efforts to negotiate over West Irian, there was concern over Sukarno's leftward shift after leaving America. In the USSR, he assured his hosts that Indonesia looked forward to a world free of capitalism and imperialism and, in return, was offered

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[15] Jones, *Indonesia : The Possible Dream*, pp. 62 - 63. Jones draws on Anderson, *The Idea Of Power In Javanese Culture*, (Cornell, 1970) for this analysis of Sukarno's motivations.

$100 million of credits to finance industrialisation of the Indonesian economy.[16] The Chinese, however, not only impressed Sukarno with the progress they had made since the revolution but also showed that they knew how to deal with him. The Indonesian President left China believing that Mao Tse-tung's rebuilding of the country and its economic achievements were more relevant to Indonesia's needs than were the West's nostrums.[17] Perhaps just as importantly, the Chinese showed that they knew exactly how to create the right impression with Sukarno by making a two-hour film record of his visit. Comparing this unfavourably to the thirty-minute documentary made while he was in America, Sukarno believed it showed that only the Chinese appreciated his importance properly and that Europeans could never understand the Asian mind.[18] A more substantial reminder of Washington's lack of empathy and its unwillingness to take steps to persuade Indonesia not to succumb to Soviet blandishments came with its effective denial of requests for development aid before, during and after Sukarno's visit. Even with Cumming's support for a rise in the aid budget to $35 million, the Administration limited appropriations to $15 million because of Indonesia's turn to the communists.[19]

Washington's concern that Indonesia was slipping into the communist camp heightened as Sukarno made proposals for the reorganisation of Indonesian

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[16] *The New York Times*, 4 and 12 Sept. 1956.

[17] Kahin and Kahin, *Subversion As Foreign Policy*, p. 81.

[18] Allison, *Ambassador From The Prairie*, pp. 293 - 94.

[19] NA; RG 59; Bureau of Far Eastern Affairs, Miscellaneous Subject Files, 1956, Far East General, Oct - Dec, to Japan, Jan - July 1956 (Lot 58 D 3) Box 3; Sukarno Visit 1956; William Sebald to the Secretary of State, 12 May 1956. *The New York Times*, 11 Dec. 1956.

political life which provoked turmoil and the first signs of revolt against central government. In two speeches at the end of October, Sukarno argued that only by changing the organisation of society could Indonesia hope to make progress. He warned that the existing situation could become revolutionary if nothing were done and urged that the Western model of democracy, which had operated since independence, be replaced by a system of "Guided Democracy". Proclaiming his own commitment to democracy, he proposed that political parties should be dissolved and replaced by arrangements which reflected Indonesian traditions and minimised conflict by eliminating oppositional politics. Cumming reported that the initiative stemmed as much from Sukarno's desire to respond to disaffection amongst the army and youth as from the lessons he had drawn from his trips to the USSR and the PRC.[20] However, the President's ideas caused even more disruption to the already strained system as first Hatta resigned and then army rebellions broke out in Sumatra. While the Vice-President's resignation had been expected since July and divisions in the army made the revolts unsurprising, these events pushed Cumming into predicting that, unless a change of government occurred, it was difficult to see how 'military and political chaos, economic disaster, and ... bloodshed, if not ... civil war' could be avoided. He argued, however, that the key to solving the crisis lay in convincing the non-Javanese areas that they were represented in the government.[21] An analysis of the situation prepared by the UN, came to a largely similar conclusion. It stressed that, while the influence of 'leftist parties' had grown since the elections,

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[20] NA; RG 59; DF 1955 - 1959, Box 3439; 756D.00/10-356; Cumming to the Secretary of State, 30 Oct. and 2 Nov. 1956.

[21] NA; RG 59; DF 1955 - 1959, Box 3439; 756D.00/10-356; Cumming to the Secretary of State, 27 Dec. 1956.

the main factors behind the unrest were the government's inability to bring the army under control and growing regional disaffection, particularly in Sumatra and the Celebes, with the centralisation of government.[22] Noticeably, neither Cumming nor the UN portrayed the situation as communist-inspired, which was the view increasingly accepted by the State Department, although the Ambassador did warn that the PKI would benefit if a solution was not found rapidly.[23]

The reactions to Sukarno's call for "Guided Democracy" highlighted how US-Indonesia relations were viewed differently by the Embassy in Jakarta and policymakers in Washington. While Cumming's reports gave a more complete picture of political life in Indonesia, Dulles and other leading Administration officials saw events only in terms of whether they made it more or less likely that Indonesia would join the communist camp. That Indonesia was a Cold War battleground had been formalised as far back as December 1954, in NSC 5429/5, and this approach had dominated Washington's analysis of relations with Jakarta ever since. The perception that things had not improved during the Harahap and second Ali ministries, which were relatively well-liked in Washington, increasingly focused the Administration's attention on Sukarno as the witting, or unwitting, agent of communism in Indonesia. It was in this context that no gesture had been made by the Administration during Sukarno's visit which might

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[22] UNA; Office of the Secretary-General, The Executive Office : Office of the Executive Assistant (1946 - 61), Files of the Executive Assistant - Political Matters, DAG-1/1.1.1.3, Box 15; Note on the Situation In Indonesia; "Note on the Situation in Indonesia", 28 Dec. 1956.

[23] NA; RG 59; DF 1955 - 1959, Box 3439; 756D.00/10-356; Cumming to the Secretary of State, 27 Dec. 1956.

have put relations on a new footing, while Indonesia's perceived slide towards communism after Sukarno's trips to the USSR and the PRC had been, in the Administration's view, inevitable. In fact, by the time Sukarno arrived in Washington, the Administration already had a considerable investment in its aggressive policy of preventing the spread of communism to Indonesia. As had been envisaged in the original NSC determination, contingency planning for overt intervention in Indonesia had taken place within ANZUS. By March 1956, planners had concluded that, to be successful, any military intervention before a communist take-over 'would require substantial and successful conditioning by psychological, political and economic means', a finding which ruled out a short-term military solution to Washington's problem. In the absence of a major effort to prepare Indonesia for Western-led intervention, the planners advised that military involvement could only be contemplated after a communist take-over, when they thought that anti-communist elements might invite Western support.[24] This conclusion left Washington without two of its main options for achieving its objectives in Indonesia, since a diplomatic *rapprochement* had clearly been rejected.

Throughout 1956, the Administration made very little progress towards its goal of securing a stable, pro-Western government in Indonesia. By early October, it had concluded that the Ali Government was not able to resist either external or internal communist attack and that US policies, while they had

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[24] AA; CRS A5954/1/1423/6; "A Study Of The Military Measures Which Should Be Undertaken For The Defence Of South East Asia Under Conditions Short Of Overt Communist Aggression", Report of Australia's ANZUS Military Representatives attached to a Memorandum to the Acting Minister of Defence, 2 Mar. 1956.

prevented Indonesia from passing into the communist orbit, had not detached it from its 'neutral position'.[25] With the diplomatic option discarded and having had use of military force ruled out, senior Administration officials now sought alternative ways of dealing with a situation which had been made markedly more urgent by Sukarno's speeches in favour of a new political system. By the end of 1956, the CIA had become actively involved in the implementation of what had become the Administration's very personalised opposition to Sukarno. In November, Frank Wisner, the CIA's Deputy Director Plans, signalled the beginning of eighteen months of undercover operations against Sukarno when he told Al Ulmer, the chief of the CIA's Far Eastern office, that 'it's time we held Sukarno's feet to the fire'. Joseph Smith, the CIA agent responsible for Indonesia, attributed Wisner's remark to a secret decision taken by the Dulles brothers to pressurise Sukarno into changing his policies.[26]

Sukarno's plans for the Indonesian political system, the break with Hatta and the Sumatran revolts all served to provide Washington with the building blocks with which to construct a new policy towards Indonesia, or, more precisely, against Sukarno. These developments coincided with the decision to use the CIA, a step which itself marked the beginning of a new phase in the conduct of US policy. By early 1957, policymaking was no longer aimed at encouraging Indonesia into a friendlier posture towards the West but was defensive, intended

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[25] DDEL; WHO Records, National Security Council Staff : Papers 1948 - 61, OCB Central File Series, Box 42; OCB : 091. Indonesia (File #4) (7) [February - November 1956]; "Progress Report On "US Objectives and Courses of Action with Respect to Indonesia" (NSC 5518)", 10 Oct. 1956.

[26] Smith, *Portrait Of A Cold Warrior*, pp. 197 - 99 and 236. Kahin and Kahin, *Subversion As Foreign Policy*, pp. 84 - 85.

to stop Indonesia falling into the communist camp and was entirely reactive to events in Indonesia. Furthermore, conduct of policy was concentrated in the hands of a small cadre of officials in Washington, a group dominated by the Dulles brothers, which relied on the CIA for advice. This reliance on an unorthodox foreign policymaking infrastructure ensured that the Dulles' group were not troubled by outside influences and received only the information which fitted in with their plans. It also precipitated a breakdown in the usual diplomatic channels which led to the sacking of John Allison, Cumming's successor, and the establishment of a closely co-operative relationship with the UK and Australian governments and their secret services.

If the decision to use the CIA to induce a change of policy in Jakarta had been provoked by Sukarno's rejection of the western liberal democratic model, Washington was still left with the difficulty that it had few reliable friends inside Indonesia. The CIA's links with the Masjumi had withered away, it had no 'assets' in the press and was forced to rely for its intelligence on copies of Cabinet minutes, which were not particularly helpful because important decisions were taken outside the Cabinet by Sukarno and his advisers. Some contacts had been made through the US aid programmes, including the training courses run for the Indonesian military and police, but these had not significantly improved the situation.[27] Only when the "colonels' revolts" began in Sumatra, and later in the Celebes, did a tailor-made alternative powerbase appear which had the potential to be incorporated into Washington's plans. The position brightened further

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[27] Smith, *Portrait Of A Cold Warrior*, p.213. NA; RG 59; DF 1955 - 1959, Box 3439; 756D.00/1-157; Cumming to the Secretary of State, 5 Feb. 1957.

when, on 9 January, the Masjumi resigned from the Ali Cabinet and Hatta, in Cumming's estimation, placed the full weight of his prestige behind the colonels' calls for autonomy.[28] Hatta's support for the Sumatran revolts provided Washington with the political alternative, with military and popular backing, to Sukarno's seemingly inevitable accommodation with communism. This development's importance became clear to the Administration when the Indonesian President officially proposed the creation of a *gotong rojong* Cabinet and a National Council, to be made up of the representatives of functional groups in society, to advise it. When the Ali Government resigned, on 14 March, the Masjumi and the NU led the way in rejecting communist participation in these bodies and Hatta became the focus of opposition to the inclusion of the PKI in the Government.[29]

While Washington was rediscovering its liking for Hatta and the religious parties, it was also building links with the dissidents, who had a number of grievances with Jakarta. Since independence, concern had been growing in the regions about the central government's failure to decentralise power and its unwillingness to distribute development funds to places like Sumatra, which earned the majority of Indonesia's foreign exchange. There was also conflict between the local military commanders, who had become increasingly powerful, and the central military authorities which had sought to restore their primacy since Nasution had returned as army Chief of Staff. Forced to set up illicit export

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[28] NA; RG 59; DF 1955 - 1959, Box 3439; 756D.00/1-157; Cumming to the Secretary of State, 8 Feb. 1957.

[29] NA; RG 59; DF 1955 - 1959, Box 3440; 756D.00/2-1557; Galbraith to the Secretary of State, 21 Mar. 1957.

deals to finance their operations, these commanders had achieved local popularity and established very profitable businesses which were threatened by Nasution's efforts to restore his own position. The rebels had been careful not to challenge Sukarno directly and, instead, demanded the removal of the Ali Government and Hatta's return. By early 1957, a stalemate had developed with Jakarta unable to dislodge the dissidents but with the dissidents equally incapable of removing the Ali Government. The spread of the revolts, in March, to South Sumatra and the Celebes (Sulawesi), in East Indonesia, did not alter the situation appreciably but the fall of the Ali Government did satisfy one of the opposition's demands.[30]

The rebellions appeared to fit in extremely well with the Administration's ideas about how any switch to communism might be contained. Dulles was especially pleased that the colonels had acted. He told Casey that it would have been necessary to have promoted the regional autonomy movement, presumably from Washington, to oppose a communist-dominated government in Jakarta if it had not arisen of its own accord. The Secretary of State also made clear his dislike of a strong central government in Indonesia, advising his Australian counterpart that he believed the country might only be managed effectively as 'a rather loose federation of autonomous units.'[31] Dulles' less than total commitment to the integrity of the Indonesian state resurfaced when he saw Allison before his departure for Jakarta. In a briefing similar to that he had given Cumming, Dulles enjoined Allison to keep Sukarno away from the communists,

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[30] Kahin and Kahin, *Subversion As Foreign Policy*, pp. 54 - 66.

[31] AA; CRS A5462/1/101/9; DEA to the Australian Embassy, Washington, 14 Mar. 1957.

to stop him using force against the Dutch and, 'above all ... make sure that Sumatra doesn't fall to the Communists.'[32] With Dulles' endorsement of the rebels, the CIA now established direct contact with their representatives, finding them extremely well-organised. However, it was evident that Dulles' favourable attitude towards the dissidents was based on nothing more than a general awareness of the situation. The CIA, on whom he relied for his information, did not know what the rebels' demands were and 'didn't have a file on a single one of them.'[33]

The establishment of links with the rebels split Washington into two competing camps. Supporters of the official policy towards Indonesia, which sought to influence Sukarno and the Government of Indonesia, had the advantage of legitimacy but were faced with the determination of the Dulles brothers and the CIA to manipulate policymakers into authorising a covert US intervention. The conflict in Washington presented policymakers with the additional problem of reconciling the different approaches into a coherent policy towards the new government in Jakarta, led by the technocrat Djuanda Kartawidjaja. Analyses of the new Cabinet, which was installed on 9 April, gave impetus to the supporters of the covert policy. Although free of PKI members, State Department analysts identified that the new Cabinet contained 'four' leftists, suggesting the 'possibility of crypto-communist participation' in the new Government.[34] The

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[32] Allison, *Ambassador From The Prairie*, p. 301.

[33] Smith, *Portrait Of A Cold Warrior*, pp. 216 - 19.

[34] BUL; OSS/State IR Reports Part VIII : Japan, Korea, Southeast Asia, and the Far East Generally : 1950 - 61 Supplement; Department of State OIR Report 7489, "Indonesia's New "Business Cabinet" ", 22 Apr. 1957.

impression of communist influence on Sukarno and Djuanda was enhanced by the omission of the Masjumi from the Cabinet as the price extracted by the PKI for its own exclusion. Meanwhile, the CIA drew the more positive conclusion that it was pressure from 'the Sumatrans' which had prevented the PKI from joining the Cabinet and which had limited the leftist incursion to 'three sympathisers'.[35] The dilemma faced by Washington was neatly summed up by John Gordon Mein, the Deputy Director of the Office of Southwest Pacific Affairs, who wondered how Washington's support for the Masjumi could be compatible with its relations with a government 'which in other circumstances we would welcome.' Noting that the senior Cabinet posts were held by 'able men ... friendly to the US' and that the leftists held only minor posts, Mein asked Robertson and Howard Jones, Robertson's Deputy, whether the Administration would support Djuanda's efforts to hold Indonesia together or 'encourage separatist elements ... perhaps to the point of a breakup of (Indonesia)'.[36]

In fact, it was Mein who was asked to provide the answer to his own question. By May, the lobbying of those in Washington who argued that 'the US should regard with satisfaction, if not discreetly encourage, the separation of ... the major outlying islands' had to be addressed and it fell to Mein to assess this option. In concluding that the break up of Indonesia would 'not serve US policy objectives', Mein dismissed the arguments in favour of supporting secession, which, he noted, 'at first glance ...provide(d) an easy and convenient solution to

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[35] Smith, *Portrait Of A Cold Warrior*, pp. 222 - 23.

[36] NA; RG 59; Records of the Bureau of Far Eastern Affairs 1957, Country File - 1957, Name File - 1957 (Lot 59 D 19), Box 1; Indonesia - West Irian 1957; Mein to Jones and Robertson, 22 Apr. 1957.

basic US policy problems in the area.' He told Robertson that, although 'anti-communist governments' would provide 'a useful counter-balance' to a leftist-influenced Java, reduce Sukarno's political influence, bring the natural wealth of the outer islands under 'more reliable political control' and secure the strategically important island of Sumatra, other factors outweighed even these considerations. In a devastating critique of what he evidently thought was a simplistic analysis of the situation, Mein challenged Sumatra's political and economic viability and undermined the assumption that the dissidents, let alone mainstream politicians, would support the destruction of the Republic of Indonesia. He argued that its 'mutually hostile' ethnic and cultural groups made 'dubious' the idea that Sumatra formed a discrete political unit and he warned that, once the principle of national unity was broken, disintegration was 'almost certain to continue below major island level'. Worse still, Mein noted that even Sumatra's much vaunted economy was dependent on Javanese food supplies and suffered from chronic labour and skills shortages, thus reducing its ability to stand apart from the centre, at least in the short-term. Most uncomfortable of all, however, was Mein's conclusion that neither the dissident colonels nor senior Sumatran politicians like Hatta, Sjahrir and Natsir supported an independence movement.

Mein's assessment of the position in Indonesia exposed the inadequacy of the case put forward by the Dulles' camp. It showed that the interventionists had seriously misjudged the rebels and had given little thought to the implications of US support for secession. In recommending that the US should discourage the

'quixotic regional rebellions', Mein argued that Washington should instead encourage the dissidents to support anti-communist elements in Java and to press for their 'legitimate regional demands' within the framework of a single nation state. He also pointed out that the mere fact of US interference in Indonesia's internal affairs would weaken the dissidents' support amongst moderate politicians and the populace generally, while the scale of the assistance required to ensure success would be impossible to hide. Mein warned that such activity would be seen as an attempt to re-impose Western colonialism, would incur 'counter-action' by Indonesia's friends in the Asia-African movement and would tend to help communists win control of Indonesia rather than stop them.[37] Despite Mein's report, the interventionists suffered only a temporary setback and it soon became clear that they would take whatever action was necessary to prove their own case.

On the face of it, developments over the next few months justified the aggressive intent of the Dulles' camp as more evidence of Sukarno's fraternisation with communism appeared. However, opinion within the Administration was being influenced by more than just the events themselves. The CIA, which supported the secessionists, knew that it could not act until it had the approval of the 'higher authorities in Washington' and was seeking to create the 'right atmosphere' in those quarters.[38] The Secretary of State also exerted his influence in whatever way he could to undermine Sukarno and to push him ever

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[37] NA; RG 59; DF 1955 - 1959, Box 3440; 756D.00/4-157; Mein to Robertson and Jones, 17 May 1957.

[38] Smith, *Portrait Of A Cold Warrior*, pp. 216 and 220 - 21.

closer to the Soviets while, at the same time, ensuring that Allison was excluded from the small circle of advisors making policy on Indonesia. By September, the battle between the two factions had been decisively won by the Dulles brothers and their allies.

To those seeking to "prove" Sukarno to be a communist sympathiser, the visit of the Soviet President, Kliment Voroshilov, to Indonesia, in May, was the first of several significant events in the Spring and Summer of 1957. Travelling widely with the Indonesian President, Voroshilov's trip not only raised the PKI's profile but helped consolidate, in those who were looking for it, the impression that Sukarno was working with the communists. That Eisenhower had declined an invitation similar to that which Voroshilov had accepted and had thus turned down the opportunity to influence Indonesians did not affect the hard-liners' interpretation of the situation. However, the decision, in May, to reject a third invitation - one made to help overcome the impact of the Soviet President's visit - delivered a huge snub to Sukarno.[39] Further support for the anti-Sukarno camp's outlook came shortly after Voroshilov's departure when the National Advisory Council, containing forty-five communist or leftist members, was formed. Despite these elements accounting for only 25 per cent of the Council's total membership, the coincidence of Voroshilov's visit and the Council's establishment reinforced suspicions in Washington that "Guided Democracy" was, at least, partly communist inspired.[40] The final straw for Dulles and his

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[39] Allison, *Ambassador From The Prairie*, pp. 311 - 12.

[40] *The New York Times*, 16 Jun. 1957. Allison, *Ambassador From The Prairie*, p. 305.

supporters came when the PKI won nearly 30 per cent of the vote in local elections in Java during the Summer. At the NSC meeting, on 1 August, with Allen Dulles arguing that Java was now considerably closer to being lost to communism, Eisenhower concluded that the Administration should study the implications of the situation and 'consider what we can do about it.' Accordingly, the meeting agreed to establish an Ad Hoc Interdepartmental Committee to review the situation and to make recommendations on what action might be taken.[41] Having been delayed by the Mein report, the proponents of intervention were now back in the driving seat.

While the "activist" supporters of Dulles were using events in Indonesia to bolster their case, the CIA was busy strengthening its own position by discrediting its opponents. Of particular concern to the Agency was the attitude of the new Ambassador, John Allison, who had arrived on 3 March. Unsurprisingly, Allison believed that the US should conduct its relations with Indonesia through the legitimate government rather than by promoting an alternative. Thinking that compromise between Government and opposition was possible, particularly after Djuanda's appointment, he argued that the Administration should ensure that the rebels were not defeated, thus preserving the opposition's negotiating position, but that Washington should also encourage the Djuanda Government's search for a solution by 'do(ing) what we can to help

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[41] DDEL; Ann Whitman File, NSC Series; 333rd Meeting of the NSC, 1 Aug. 1957. Dulles' comments are still sanitised in the official record of the meeting. However, they are alluded to in the following extract : 'Mr. Cutler asked whether, in the light of the briefing by the Director of Central Intelligence on Indonesia, the Joint Chiefs of Staff should be asked to study the military consequences of Java falling under Communist control. The President said he would like to have the views of the Department of State also.'

it'.[42] The CIA, however, did not view the situation with the same equanimity and despatched Ulmer to investigate. Ulmer, who Allison thought had been 'brainwashed ... as to the imminent Communist danger in Asia', played his part in the CIA's plan to massage opinion in Washington by reporting that Allison 'was inclined to be soft on communism' and supported this assertion with his conclusion that Sukarno, with whom Allison wanted to deal, was 'beyond redemption'. Increasingly, Allison came to recognise that his position was being undermined and that Dulles was accepting CIA reports 'uncritically' while his predecessor, now Director of the Bureau of Intelligence and Research in the State Department and the official link between the State Department and the CIA, regarded him as 'second rate'.[43]

While the CIA was seeking to eliminate Allison's influence in Washington, it was Sukarno who was singled out for special attention by the Administration. With its optimism of the previous year now dashed, Washington sought to weaken Sukarno and to demonstrate its disapproval of his policies. During the Summer, the CIA, playing on Sukarno's reputation as a womaniser, planted stories in *Time* magazine that he had fallen under the influence of a blonde Soviet spy. So encouraging were the results, that a 'blue movie', purporting to show a liaison between the two and supposedly produced by the Russians to blackmail Sukarno, was made but, ultimately, never used.[44] More conventionally, Dulles

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[42] NA; RG 59; DF, Box 3440; 756D.00/4-157; Allison to Robertson, 8 Apr. 1957. Allison to the Secretary of State, 31 May 1957, FRUS 1955 - 1957, Vol. XXII, pp. 388 - 91.

[43] Allison, *Ambassador From The Prairie*, pp. 307 and 341.

[44] Smith, *Portrait Of A Cold* Warrior, pp. 231 - 32. The *New York Times*, 6 Sept. 1957.

signalled his displeasure at Sukarno's leadership by blocking Indonesian requests for military supplies even though the CIA and the State and Defense Departments had approved token arms shipments. Dulles refused the Indonesian request, first made in 1956, despite fears that the Indonesian military, which was well-disposed towards the US, would turn to the Soviets instead.[45] His unwillingness to contemplate any gesture which might indicate US tolerance of Sukarno also found expression in his reaction to the return of the West Irian issue to the UN General Assembly. Now, more than ever, the Secretary of State was convinced that Indonesian control of West Irian would be against US interests and was considering siding with the Dutch at the UN. He was, however, successfully opposed both by his brother and Robertson, who argued that supporting the Dutch would alienate the 'moderate anti-Communist' opposition, which supported Sukarno in this matter.[46]

As Dulles became more outspoken in his hostility towards Sukarno, Allison remained virtually the only senior official willing to contradict him. However, his ability to make his voice heard was progressively reducing as policymaking on Indonesia became the preserve of the small group around Dulles. Cumming's return to Washington, which coincided with him adopting a more hard-line attitude towards Indonesia, provided Dulles with an alternative source of "local"

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[45] NA; RG 59; Lots 62 D 68 and 62 D 409, Box 20; 1955 - 1956 - 1957 430.5 Agreement to Purchase US Military Equipment; Mein to Robertson, 12 Nov. 1957. Kahin and Kahin, *Subversion As Foreign Policy*, p. 82. *The New York Times*, 27 Dec. 1957 and 1 Jan. 1958.

[46] NA; RG 59; Lots 62 D 68 and 62 D 409, Box 20; 1957 322 New Guinea Problem; Memorandum of a meeting in the Secretary's Office, 3 Oct. 1957. DDEL; Dulles Papers, Telephone Calls Series, Box 7; Memoranda Tel. Conv. - Gen. September 2, 1957 to Oct. 31, 1957 (3); Telephone Call to Robertson, 12 Sept. 1957. NLA; Papers of Lord Casey (MS 6150), Lord Casey's Diaries, meeting with Allen Dulles, 3 Oct. 1957. AA; CRS A5462/1/1/4/2/2; Report of the ANZUS Council, 4 Oct. 1957.

knowledge and consequently diminished Allison's importance to Dulles. Although Cumming was responsible for the State Department's entire intelligence and research operation, he continued to devote much of his time to Indonesia, earning the unofficial title of 'the Assistant Secretary in Charge of Indonesian Affairs'.[47] He was also involved in setting up a direct channel of communication between Washington and the Jakarta Embassy which Allison knew nothing about.[48] However, the clearest evidence that Allison no longer figured in Dulles' plans came with the establishment of the NSC's Ad Hoc Interdepartmental Committee. Chaired by Cumming and with Howard Jones representing the State Department, the Committee was so secret that Francis Underhill, the Indonesia Desk Officer, was not even aware of its existence, while Allison was only told about its formation after the event and his request to join it was refused.[49] By the time the Committee began its work, the balance of forces within the Administration favoured those who wished to build up the Sumatran dissidents as an anti-Sukarno movement.

A significant problem for the hard-liners in Washington was the uncertainty about the dissidents' intentions, especially since they had not irrevocably broken with Jakarta. The Djuanda Government's continuing efforts to find a solution to the crisis held the threat for the Administration that a compromise would leave Sukarno in power, the PKI unchecked and its Sumatran allies neutralised.

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[47] Kahin and Kahin, *Subversion As Foreign Policy*, p. 83.

[48] Allison, *Ambassador From The Prairie*, pp. 340 - 41. The CIA station also communicated with Washington without Allison's knowledge - see Kahin and Kahin, *Subversion As Foreign Policy*, p. 105.

[49] Kahin and Kahin, *Subversion As Foreign Policy*, pp. 91 - 92.

Djuanda's calling of a National Conference, for 10 September, raised just such a possibility and provoked Dulles to instruct Allison not to give it any encouragement. He argued that the 'anti-communist' rebels needed more time to 'develop further strength' before negotiating with Sukarno because he did not want to risk them being intimidated or entrapped into a 'face-saving arrangement' with Jakarta.[50] Dulles' cable exposed the widening gap between Washington's reading of the situation and Allison's. The Ambassador responded furiously to what had, in effect, been an instruction to sabotage the Conference. He accused Dulles of the 'grossest self-deception' in believing that even a government led by Hatta would be anti-communist and reminded the Secretary of State that, while the dissidents certainly were anti-communist, the original causes of their revolt had more to do with economic grievances and fears of Javanese domination. Turning to Dulles' fears about the power of the forces seeking change, he recorded his belief that it was 'defeatist' to think that Hatta, Djuanda and the dissidents were not capable of influencing Sukarno but that, to do so, they would have to be in contact with him. The breach between Washington and Jakarta was confirmed by Dulles' rejoinder that Allison's views were a 'gross misinterpretation of the Department's thinking.'[51]

Dulles' fears that the National Conference might defuse the dispute between Jakarta and the regions reflected more than just a simple desire on his part to protect the dissidents. It was, instead, indicative of the hard-liners' wish to

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[50] NA; RG 59; DF 1955 - 1957, Box 3440; 756D.00/9-357; Dulles to Allison, 24 Aug. 1957.

[51] NA; RG 59; DF 1955 - 1957, Box 3440; 756D.00/9-357; Allison to Dulles, 26 Aug. 1957 and Dulles to Allison, 31 Aug. 1957.

polarise the situation further to ensure that no compromise was possible. The CIA had sought to limit the colonels' willingness to conciliate at the Conference and, after those dissidents who attended it had returned to Sumatra, they were persuaded by their more extreme colleagues to repudiate the agreements reached there and to adopt a line similar to that espoused by Dulles in his argument with Allison. The rebels' radicalism also opened up a split with Hatta when they denounced his agreement to try to work with Sukarno, while the former Vice-President was dismissive of the changing positions of the rebels. Since the State Department was also worried about Hatta's apparent willingness to compromise, this breach did not concern Washington.[52] Dulles' efforts received an unexpected boost in the aftermath of an assassination attempt on Sukarno, on 30 November. Despite CIA-inspired propaganda that the PKI had been behind the incident,[53] the culprits were soon identified as radicals from East Indonesia and their actions led to a campaign against prominent Masjumi figures supposedly implicated in the affair. As the atmosphere worsened, Natsir, Harahap and Sjafraddin Prawiranegara, the governor of the Bank of Indonesia, all fled to Sumatra to join the dissidents.

Dulles' desire to simplify the debate also extended to eliminating dissent in his own camp and this meant getting rid of Allison. Having already demonstrated how far removed he was from Dulles' thinking on Indonesia, in November, Allison tried to forestall the growing crisis over West Irian. With

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[52] Kahin and Kahin, *Subversion As Foreign Policy*, pp. 73 and 99 - 102.

[53] Smith, *Portrait Of A Cold Warrior*, pp. 235 - 36.

Indonesian patience running out over persistent Dutch refusals to discuss sovereignty and in the light of the UN's repeated failure to endorse calls for talks to begin, it became clear to Allison that another rejection would induce Sukarno to take drastic action. He, therefore, drew up a plan which he hoped would not only meet Indonesian demands but also Dutch financial and Australian security interests and would satisfy Washington's insistence that action be taken against communists. Coming at a time when Dulles was moving towards supporting the Dutch, the idea of an American-sponsored deal over the colony was anathema in Washington and Allison never received a reply to his proposal.[54] His attempt to remove the cause of so much discontent between Jakarta and Washington was Allison's last significant act as Ambassador and he was sacked in early January 1958 because he stood in the way of Dulles' plan to provoke a confrontation with Sukarno.[55]

The aggressive stance adopted by Dulles and his allies in Washington reflected their increased commitment to the rebel cause and their determination to take action against Sukarno and communist influence in Indonesia. Even so, the timing and scale of the operation remained in doubt until December, when the expropriation of Dutch holdings in Indonesia began and the Government extended its territorial waters.

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[54] Allison, *Ambassador From The Prairie*, pp. 321 and 328 - 31.

[55] Smith, *Portrait Of A Cold Warrior*, p. 221.

Cumming's Ad Hoc Interdepartmental Committee reported to the NSC, on 3 September, that communist control of the Indonesian Government or Java would seriously affect US security interests by weakening non-communists in Asia generally and that, in the longer term, 'bloc forces (using) bases on Java' would pose a 'grave' military threat to Southeast Asia and Australia. It recommended that, while continuing 'the present pattern of ... formal relationships with Indonesia', the Administration should 'give greater emphasis to support of the anti-Communist forces in the outer islands ... and (continue) attempts to produce effective action (by) the non- and anti-Communist forces in Java.' The Committee confirmed that, in its view, the 'most promising approach' for pursuing this policy would be to exploit 'the not inconsiderable potential political resources and economic leverage available in the outer islands (Sumatra and Sulawesi)' and that this 'asset' should be developed 'in accordance with ... NSC 5518'. In practice, the Committee was proposing that the Administration use 'all ... covert ... and overt means ... (in concert with) other nations as appropriate' to strengthen the dissidents in order that they would affect the situation in Java and provide a rallying point if Java was taken over by communism. Cumming's Committee also proposed that, if the situation in Java deteriorated, 'more forthright means' should be undertaken to deal with the situation.[56]

The Committee's report thus brought together the disparate strands of US policy, official and unofficial, by marrying the commitments to use covert and

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[56] "Special Report on Indonesia", 3 Sept. 1957, FRUS 1955 - 1957, Vol. XXII, pp. 436 - 40. The reference to 'more forthright means' is censored in the FRUS reproduction but allusions to it can be found in Robertson to Dulles, 19 Sept. 1957, in ibid., pp. 445 - 48 and Allison, *Ambassador From The Prairie*, pp. 313 - 14. Sulawesi is another name for the Celebes.

overt actions to stop communism in Indonesia with Dulles' willingness, which Cumming no doubt remembered well, to countenance the break up of Indonesia, if circumstances demanded it. However, the report was the end result of the campaign to create the conditions in which the hard-liners' interventionist plans would be accepted. Even Allison, who had only seen a 'milder condensed version' of the report, was able to pick holes in it. He told Washington that it contained no real analysis of the reasons for the communist gains or Sukarno's reliance on the PKI and that 'no valid recommendations could be made for a cure without considering the causes of the disease.'[57] Nevertheless, at its meeting on 23 September the NSC agreed the report's recommendations with the result that weapons and funding began to find their way to the rebels.[58]

The immediate steps which were taken to support the rebels fulfilled the agreement to strengthen their military and negotiating positions only. Further aid depended on the deterioration of the situation in Java and Washington had to wait until December before the right climate existed which allowed an increased level of support. With the failure of the Indonesian resolution in the General Assembly, on 29 November, Sukarno authorised the expropriation of Dutch assets in Indonesia and the expulsion of Dutch citizens. The seizure of the investments and property gave Dulles just the excuse he needed to offer further evidence that the Government was unable to hold the communists in check.[59]

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[57] Kahin and Kahin, *Subversion As Foreign Policy*, p. 95. Allison, *Ambassador From The Prairie*, p. 314.

[58] DDEL; Ann Whitman File, NSC Series; 337th Meeting of the NSC, 23 Sept. 1957. Kahin and Kahin, *Subversion As Foreign Policy*, pp. 120 - 22.

[59] DDEL; Ann Whitman File, NSC Series; 347th Meeting of the NSC, 5 Dec. 1957.

The Administration now decided that it had 'reached the point of no return with Sukarno' and, as Robertson told Allison, it became an objective of US policy that he be 'at (the) very least relegated to (a) less dominant position in (the) political scene.'[60] Dulles, however, was in favour of overthrowing Sukarno and transferring recognition to the 'dissident elements', using '(US) land forces' to back this up.[61] With Eisenhower's agreement, steps were now taken to move naval units and detachments of the Third Marine Division from the Philippines into 'the area of Indonesia' under the cover of protecting American lives and property but also to be ready to respond to any contingency.[62]

The spasm of radicalism in Indonesia also convinced the British Government of the need to join the American effort. Since the Autumn, the CIA had been keeping the British Secret Service appraised of developments not least because the Americans had to manage their contacts with the dissidents from Singapore.[63] With the city-state in the grip of an independence campaign, London had, initially, refused to allow the American naval units to dock at the port and this had thrown Washington's plans into chaos, provoking a flurry of activity as the Dulles brothers tried to use Dutch and Australian pressure to get

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[60] Robertson to Allison, 7 Dec. 1957, FRUS 1955 - 1957, Vol. XXII, pp. 534 - 35.

[61] DDEL; Dulles Papers, Telephone Calls Series, Box 7; Memoranda Tel. Conv. - Gen November 1, 1957 to Dec. 27, 1957 (1); Telephone Call to Herter, 8 Dec. 1957.

[62] Admiral Burke to Admiral Stump, 7 Dec. 1957, FRUS 1955 - 1957, Vol. XXII, p. 533. NA; RG 59; Lot 64 D 199, Box 7; Secy M of Con, June 1957 - December 1957; Memorandum of Conversation by Dulles, of a meeting with van Roijen, 8 Dec. 1957. See also NA; RG 59; DF 1955 - 1959, Box 3441; 756D.00/12-1657; Herter to the Consul Naha, Okinawa, 18 Dec. 1957 and DDEL; Dulles Papers, Telephone Calls Series, Box 7; Memoranda Tel. Conv. - Gen. November 1, 1957 to Dec. 27, 1957 (1); Telephone Call with a "Military Man", 7 Dec. 1957.

[63] AA; CRS A5462/1/1/4/2/2; Report of the ANZUS Council Meeting, Washington, 4 Oct. 1957.

them to co-operate.[64] However, the anti-Dutch campaign, which made London worried about the safety of British assets, and, perhaps more importantly, the extension of Indonesian territorial waters, which threatened Singapore and communications within the Commonwealth, gave the Macmillan Government an incentive to support the Americans. No doubt under intense pressure from the CIA and the State Department, MI6 and the Ambassador in Washington, Sir Harold Caccia, both lobbied London to support the operation and in the week before Christmas, British objections to the use of Singapore as a base for operations in Sumatra were overcome.[65] The agreement to allow the use of Singapore led to a much closer association between the British and the Americans with the formation of a top secret 'ad hoc group ... to consider policy and other matters connected with Indonesia'. With its membership extended to include Australian diplomats, the select group of State Department officials and British Embassy staff first met on, 30 December, to co-ordinate their approach to the Indonesian problem.[66] As the year closed, Washington's hard-line faction had swung Administration policy behind their plan to curtail Sukarno's power, or even to depose him, and had also secured the support of the two Western allies most closely interested in Indonesia. The way was now open for the

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[64] DDEL; Dulles Papers, Telephone Calls Series, Box 7; Memoranda Tel. Conv. - Gen November 1, 1957 to Dec. 27, 1957 (1); Telephone Call to Allen Dulles, 8 Dec. 1957.

[65] DDEL; Dulles Papers, Telephone Calls Series, Box 7; Memoranda Tel. Conv. - Gen November 1, 1957 to Dec. 27, 1957 (1); Telephone Call to Cumming, 12 Dec. 1957. Kahin and Kahin, *Subversion As Foreign Policy*, pp. 126 - 27.

[66] AA; CRS A1209/80/58/5039; UK High Commissioner to Menzies, 25 Dec. 1957 and A1838/269/TS383/6/3; Spender to Menzies and Casey, 24 Dec. 1957. The existence of this 'ad hoc group', which existed until April 1958, was kept not just from the Dutch but also from State Department Desk Officers.

Administration to promote through its proxies what it had failed to accomplish by diplomacy.

The militant stance adopted by the central figures in Washington's foreign policymaking elite did not result solely from the Administration's failure to recruit Jakarta to the Western cause. It can also be seen both as a response to, and a defence against, the strongly anti-communist atmosphere in Washington. This pressure built up towards the end of 1957, when the House Committee On Un-American Activities began investigating the former OSS agent Jane Foster, who had been indicted for espionage. The charges against Foster related to accusations that she had passed her post-war reports on Indonesia to the Soviets and had, since 1942, been a member of the communist party.[67] The supposition that all the policy difficulties with Indonesia derived from communist subversion of the US government received further support from Major-General Charles Willoughby, who had been MacArthur's Chief of Intelligence. In evidence to the Committee, he charged that 'the current crisis ... (could) be traced directly' to communist subversives who had 'induced the United States Government to champion Sukarno', who he described as a Japanese collaborator and communist sympathiser.[68]

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[67] LoC; Record of Hearings Before the Committee On Un-American Activities, House of Representatives, 85th Congress, 7 - 9 Oct. and 20 Nov. 1957. R. Harris Smith, *OSS : The Secret History of America's First Intelligence Agency*, (University of California Press, 1972), pp. 290 - 91. Smith draws on Elizabeth MacDonald, *Undercover Girl*, (New York, 1947). Foster had married a Soviet intelligence officer after she left Indonesia.

[68] MA; Record Group 23, Papers of Major General Charles A. Willoughby, Box 5; Folder #2, "Indonesia"; "International Communism (Communist Designs on Indonesia and the Pacific Frontier), Staff Consultation with Gen. Charles A. Willoughby, 16 Dec. 1957.

With the public and private political impetus behind action, Washington's military assistance for the rebels continued and supporters of intervention had their optimism about the likely success of the operation reinforced by the CIA. In an "eyes only" memorandum to Eisenhower and his brother, Allen Dulles emphasised the dissidents' reluctance to make a final break with Jakarta and laid the blame for any future break firmly at the central government's door. Displaying a remarkable knowledge of the rebels' plans, he advised that an ultimatum designed to initiate talks would be delivered to Sukarno on or about 5 February and that the rebels seemed 'fully united' in their determination to secure a change in government. Dulles was also confident about the level of support the dissidents could expect in the event of a breach with Jakarta. Predicting general support in Sumatra and the Celebes, the CIA chief estimated that, 'at a minimum', they could 'probably launch fairly widespread guerrilla warfare' in Java.[69] Allen Dulles' report amounted to a convincing justification for supporting a rebellion which, if it did not achieve its aims by negotiation, would certainly deliver an anti-communist government in Sumatra and the Celebes.

However, there were voices within the inner circle of policymakers who did not accept that the Jakarta government was entirely to blame for the situation and pushed for less drastic action. Mein, although familiar with the covert operations through his membership of the US-UK-Australian working party, argued that Washington was partly responsible for the situation. He told Robertson that many in Indonesia felt that the West was abandoning the country and he warned

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[69] DDEL; WHO Records, OSANSA Records 1952 - 61, NSC Series, Briefing Notes Subseries, Box 11; US Policy Toward Indonesia; "Probable Developments in Indonesia", 31 Jan. 1958.

that US policies might be just as much a cause of Indonesia going communist as were the activities of the PKI. Pointing out that Washington's stance was pushing Indonesia towards communism and encouraged separatism, he urged that a conciliatory gesture be made in an effort to restore American prestige. He also proposed that the US should facilitate the creation of a moderate government and be prepared to assist it by persuading the Dutch to open talks with Indonesia on 'the whole gamut' of their relations, including West Irian.[70] Mein's rejection of the "military" route was helped by the efforts of Djuanda, Nasution and Hatta to seek a compromise between Jakarta and the dissidents. With the Prime Minister indicating his willingness to step down in Hatta's favour and as the situation in Indonesia deteriorated, Washington decided to embrace Mein's proposal.

The Dulles brothers' secret policy of supporting the rebels depended for its success on many assumptions about developments. In his memorandum to the President, Allen Dulles had expected that the rebels would be prepared to negotiate beyond any deadline in their ultimatum and that the government would not have the military capacity to forestall such talks. Meanwhile, by accepting Mein's plan, the State Department hoped to capitalise on the pressure from the rebels to secure a moderate government in Jakarta. These plans relied, however, on the main Indonesian actors playing their parts as Washington hoped they would. With Sukarno out of the country, the Acting President, Sartono, and Djuanda had undertaken to maintain the *status quo* and much depended on whether they could be influenced either to present the President with a *fait*

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[70] NA; RG 59; Lots 62 D 68 and 62 D 409, Box 20; 1958 320 - USA; Mein to Robertson, 2 Jan. 1958.

accompli or even break their promise. The rebels had to stay united and not act precipitately, especially by forming a rival government, thus closing off room for a deal. As it happened, the Dulles' plan foundered on its misunderstanding of the Jakarta Government's reaction to the rebel threat. On 10 February, the rebels issued their ultimatum denouncing Sukarno's rule as unconstitutional and calling for the installation of a new government headed by Hatta and the Sultan of Yogjakarta and gave Sukarno five days to comply. Djuanda, backed by Nasution, immediately rejected the ultimatum and took steps to isolate the rebels. On 15 February, the dissidents proclaimed the formation of the alternative government, the *Pemerintah Revolusioner Republik Indonesia* (PRRI).

It was in the middle of this confrontation that Washington sought to implement Mein's plan. On 12 February, Mein himself approached the Australian Chargé and asked if his Government would allow its Ambassador in Jakarta, L. R. McIntyre, to discuss Washington's plan with Hatta and Djuanda. With Allison gone, Mein had to admit that there was no American 'in relations of confidence' with moderate Indonesian leaders. State Department officials also made informal enquiries of the Dutch and Australian Embassies about whether their governments might be prepared to modify their policies on West Irian in the event that an acceptable regime came to power in Jakarta.[71] However, it was not until 19 February that McIntyre was able to meet Hatta by which time the Jakarta Government had taken its decision to oppose the rebels. Mein's plan, which had originally been intended to avoid military confrontation now became victim to

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[71] AA; CRS A3092/2/TS221/11/9/2; Booker to the DEA, 12 Feb. 1958 and A1838/321/3034/11/161; Australian Embassy, Washington, to the DEA, 18 Feb. 1958.

the entrenched positions of Washington and Jakarta. The rapidly developing situation also contributed to its failure. Sukarno's return, on 16 February, and the attitude of his Government left Hatta in an untenable position despite his own repudiation of the rebels separatism and his influence quickly waned. More destructive, though, were Dulles' comments made at a press conference the day after the rebel ultimatum was issued. Denouncing "Guided Democracy", he observed that Washington would like to see a 'constitutional' government in Jakarta, and provoked a storm of protest about US interference in Indonesia's internal affairs.[72] Dulles' association of the Administration with the rebel cause scotched any possibility of an American-brokered political settlement, even if the Dutch and Australians had been willing to support it, and left Washington relying on the rebels for the success of its policy.

Allison's removal had left Washington bereft of influence in Jakarta at a crucial time but his replacement, by Howard Jones, promised at least to restore harmony between the Secretary of State and the Embassy. Jones, who presented his credentials on 10 March, was intimately involved in the formulation of the secret policy towards Indonesia having been a member of both the Cumming Committee and the US-UK-Australian working party and his appointment was especially welcomed by the CIA officers involved in the covert operation.[73] However, he had barely arrived at his post before Washington's Sumatran allies collapsed. In a move which confounded all US estimates, the Indonesian army

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[72] NA; DF 1955 - 1959, Box 3441; 756D.00/2-358, Mein to Robertson, 14 Feb. 1958.

[73] Smith, *Portrait Of A Cold Warrior*, p. 239.

launched a series of daring assaults on rebel positions in the oil-rich areas of Southern Sumatra and at other strategic locations. The central government forces made sweeping gains and their surprise attack prevented Washington from using, as a pretext for direct military intervention, the threat to American lives and property of fighting around US-owned oil installations.[74] To all intents, the Sumatran revolt was over by the middle of April, when Padang fell, but it was not until 4 May that the PRRI's last stronghold at Bukitinggi was taken.

The swift defeat of the Sumatran revolt revealed the extent of Washington's failure to analyse correctly virtually every aspect of the situation. In the first place, policymakers did not treat seriously the possibility that Jakarta would take a tough line with the rebels. In his January report, Allen Dulles had predicted that the chances were 'better than even' that Sukarno would accede to the appointment of a new government when faced with the rebels' ultimatum. He had, however, underestimated the impact of the rebels' challenge on moderate nationalists, like Djuanda, who objected to their separatism and rallied to Sukarno in the crisis. Nasution, too, was more intent to assert his authority over the army than he was to support renegade military elements who accepted US support. The Sumatran revolt was also linked with the struggle to recover West Irian for, unless Jakarta could assert its sovereignty over its own rebellious provinces, Sukarno could hardly exert a serious military threat against the Dutch.[75] The Government's strategy, therefore, was to achieve a victory over the

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[74] Kahin and Kahin, *Subversion As Foreign Policy*, pp. 148 - 55.

[75] Leifer, *Indonesia's Foreign Policy*, pp. 61 - 62.

rebels before negotiating a settlement of their demands.[76] Dulles failed even to understand the effect of the rebellion on the PKI, justifying his support for the dissidents on the basis that their defeat would benefit the communists.[77] In fact, once the rebellion had begun the PKI was able to cloak itself in nationalist garb and gain prestige by allying with Sukarno, Nasution and others opposed to the rebels. Compounding its political miscalculations, Washington both understated the central government's capacity to act and overstated the rebels' morale and ability to resist.[78]

Jakarta's military success forced previously committed supporters of the rebels in Washington into re-thinking strategy. In a franker assessment of the situation than those produced by the CIA, Robertson told Dulles that the rebels' military position now required a re-appraisal of US policy. He argued that the rebels had been unable to show widespread support for their cause in Indonesia, that there appeared to be no co-ordination between the Sumatrans and the PERMESTA rebellion in the Celebes and added that Washington had 'very little information' about the political plans of the dissidents. Concluding that the Administration should seek a compromise with Jakarta as the best way to limit communist influence and to promote the rebels' demands, he pointed out to the Secretary that Djuanda remained willing to step aside and that a Hatta-Sukarno

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[76] NA; RG 59; DF, Box 3442; 756D.00/4-358; Jones to the Secretary of State, 10 Apr. 1958.

[77] DDEL; Ann Whitman File, NSC Series, Box 9; 358th Meeting of the NSC, 13 Mar. 1958.

[78] Smith, *Portrait Of A Cold Warrior*, pp. 239 - 41. AA; CRS A3092/2/TS221/11/9; Australian Embassy, Washington, to the DEA, 27 Mar. 1958 and A1838/272/250/10/7/6; Australian Embassy, Washington, to the DEA, 31 Mar. 1958.

reconciliation still seemed possible.[79] Assistant Secretary Robertson was not the only official experiencing a pauline conversion as he discovered that there was another side to what had previously been thought of as a simple fight against communism. In Jakarta, Jones had been told by Hatta that rebellion was actually a split between Indonesian anti-communists and that communism was 'not the major issue' at stake. Jones could find no reason to doubt Hatta and had concluded that, if Washington really wanted to fight communism in Indonesia, 'American policy ought to be directed toward settling the rebellion as fast as possible.' The newly-arrived Ambassador now realised that Administration policy had been made without either full access to 'all the facts' or a complete appreciation of the 'inwardness of the situation' and, instead, had proceeded on the assumption that communism was the main problem.[80]

Robertson's and Jones' case that the time had come to return to the position pursued by Mein before the rebellion was boosted by the Indonesian Government's desire, with the rebels facing defeat, to engineer a settlement of the dispute. However, Dulles remained unmoved by either the evidence or his advisers' arguments and precipitated a serious escalation of the civil war which proved disastrous for US policy in Indonesia. In early April, the Indonesian Foreign Minister, Subandrio, met Jones to discuss US-Indonesian relations and appealed for a gesture of reconciliation from Washington, perhaps involving supplies of rice or a token shipment of arms. Subandrio provided Jones with 'the

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[79] NA; RG 59; DF 1955 - 1959, Box 3442; 756D.00/3-1458; Robertson to Dulles, 31 Mar. 1958. The Piagam Perdjuangam Semesta Alam (PERMESTA) revolt, based in the Celebes, had begun in March 1957 and had links to the Sumatran rebellion.

[80] Jones, *Indonesia : The Possible Dream*, pp. 118 - 19 and 121.

most forthright statement' yet of change in the Indonesians' attitudes when he told him that plans were being laid for the police and military to take steps against communists and the eventual banning of the PKI. In discussions which must have delighted Jones, the minister also said that he would be recommending a 'cooling-off period' on the West Irian issue and that he could envisage a time when Indonesia would participate in regional 'mutual defense ... pacts.'[81] Jones also reported that the army's importance in Indonesian politics had increased and that Nasution was displaying a more pronounced anti-communist line. However, he warned that the position of its largely pro-American officer corps was being undermined by Washington's arming of the rebels and that 'some positive gesture' should be made to preserve their loyalty. He recommended that Dulles offer military aid but only after hostilities had ceased.[82] Jones' argument was quickly accepted by the Joint Chiefs of Staff, who agreed that Nasution should be helped as he was 'the strongest anti-communist force' in Indonesia.[83]

Back in Washington, however, Dulles was not at all keen to accept the advice he was being given. Throughout March he had campaigned actively for recognition of the rebels, notably with Casey and Selwyn Lloyd, the British Foreign Minister, and was still considering 'some form of recognition' as late as mid-April. With both Robertson and Jones now counselling a change in policy

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[81] NA; RG 59; DF 1955 - 1959, Box 2517; 611.56D/1-858; Jones to the Secretary of State, 8 Apr. 1958.

[82] NA; RG 59; DF 1955 - 1959, Box 3442; 756D.00/4-358; Jones to the Secretary of State, 12 Apr. 1958 and Jones to Robertson, 12 and 15 Apr. 1958.

[83] NA; RG 59; DF 1955 - 1959, Box 3442; 756D.00/4-1758; General Maxwell D. Taylor (Chairman Joint Chiefs of Staff) to the Secretary of Defense, 18 Apr. 1958.

he refused to accept the need to send a signal to Jakarta.[84] On 7 May, Dulles was still looking for an excuse for military action against Indonesia telling the Dutch Foreign Minister, Joseph Luns, that he hoped for an Indonesian attack on West Irian so that they could be given 'a bloody nose'.[85] A more tangible indication that senior figures in the Administration remained committed to the dissidents came with the arrival, in mid-April, of CIA planes and aircrew in the Celebes.[86] The decision to send the Mustang fighters and B-26 bombers indicated the extent to which the Dulles brothers had become detached from the rest of the policymaking establishment in Washington. Indeed, the provision of the planes amounted to a rejection of Jones' advice that the 'tactic' of aiding the rebels had already succeeded in persuading Jakarta to seek a compromise.[87]

With its newly acquired airforce, PERMESTA was able to go onto the offensive making some territorial gains and harassing Indonesian and foreign shipping. Its campaign lasted until Jakarta was able, in mid-May, to attack rebel strongholds in East Indonesia, destroying a number of planes and capturing islands under its control.[88] While the rebel offensive was in full swing,

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[84] NA; RG 59; DF 1955 - 1959, Box 3442; 756D.00/3-1458; Dulles to the State Department, 14 Mar. 1958. Kahin and Kahin, *Subversion As Foreign Policy*, pp. 162 - 63. AA; CRS A3092/2/TS221/11/9; Australian Embassy, Washington, to the DEA, 6 May 1958.

[85] DDEL; Dulles Papers, General Correspondence and Memoranda Series, Box 1; Memos of Conversation - General - L Through M (1); Memorandum of Conversation by Dulles of a discussion with Luns, 7 May 1958 attached to Memorandum of Conversation by Dulles of a discussion with Luns, 17 Sept. 1958. The Australian understanding of this conversation held that Dulles remarked that 'there was ... something to be said for letting Indonesia stick their necks out so that they could be given a blow that would finish them off.' (AA; CRS A1838/272/250/10/7/6; Australian Embassy, The Hague to the DEA, 8 May 1958.)

[86] Kahin and Kahin, *Subversion As Foreign Policy*, p. 172.

[87] NA; RG 59; DF 1955 - 1959, Box 3442; 756D.00/4-358; Jones to Robertson, 15 Apr. 1958.

[88] Kahin and Kahin, *Subversion As Foreign Policy*, pp. 172 - 74.

Washington suddenly relented, authorising Jones to offer aid to Indonesia. The Administration's change of heart followed a meeting, on 5 May, between Jones and Djuanda in which the Indonesian Prime Minister made the first direct accusation that Washington was involved with the rebels. He told Jones he had evidence that Clark Field, a major US airbase in the Philippines, was being used by the rebels and that the bombing campaign had made compromise impossible. Djuanda indicated that US friendship was so important to Indonesia that he was prepared to overlook past American involvement with the rebels so long as it stopped meddling in his country's internal affairs in future and he appealed for a positive response from Washington.[89] The next day, Herter, standing in for Dulles, instructed Jones to deny the accusations about US involvement in the rebellion but to accept the Indonesian offer of talks. He also told Jones that Washington was prepared to sell Indonesia 35,000 tons of rice and would be willing to supply weapons to Jakarta if it settled with the rebels and took action against the PKI. To encourage 'close working relations' with the military, Herter extended invitations to Indonesian military observers to attend a Manila Pact naval exercise and a weapons demonstration.[90] Jones conveyed Herter's response to a much relieved Djuanda, on 7 May, and to Nasution the next day.

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[89] NA; RG 59; DF 1955 - 1959, Box 3442; 756D.00/5-658; Jones to the Secretary of State, 5 May 1958.

[90] NA; RG 59; DF 1955 - 1959, Box 3442; 756D.00/5-658; Herter to Jones, 6 May 1958. The offer to supply weapons is not specifically mentioned in Herter's cable but is mentioned in Jones account of his subsequent meetings with Djuanda and Nasution (NA; RG 59; DF 1955 - 1959, Box 3442; 756D.00/5-758; Jones to the Secretary of State, 7 May 1958 and 756D.00/5-858; Jones to the Secretary of State, 8 May 1958) and a detailed account of these events by McIntyre (AA CRS A1838/321/3034/11/161; McIntyre to the DEA, 8 May 1958.) The SEATO exercise was codenamed "Clambake" and the weapons demonstration "Oceanlink".

While Dulles had been consulted about the offer to Djuanda, he had made it clear that he harboured 'considerable doubt whether the present approaches ... would work.'[91] Buoyed by the rebels' successes, in early May, Dulles had no desire to abandon them and sought to capitalise on their apparent strength by proposing a cease-fire during which he expected the Indonesian Government would take action against the PKI. He was also unhappy about the vagueness of Nasution's plans to counter the PKI and wanted Jones to obtain firm evidence of the Government's intentions before US economic and military aid was delivered. As an inducement to the Indonesians, Dulles made it clear that a token shipment of arms worth $7 million could be arranged in 'short order'.[92] Once again an initiative from Washington collapsed as a result of its failure to understand either the Indonesians' motivations or capacity to act. On 15 May, Jones passed the cease-fire proposal to Djuanda, who turned it down, rejecting any compromise with the rebels.[93] The same day the Government counter-offensive began with the destruction of five rebel planes at Menado and the end of the US intervention was in sight.

As if to emphasise the spectacular miscalculation made by Washington in its assessment of the Indonesian Government's capacity to resist pressure from the rebel movement, Jakarta had compromised the operation and had a dossier detailing foreign involvement with the rebels, which it intended to present to the

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[91] AA; CRS A3092/2/TS221/11/9; Australian Embassy, Washington to the DEA, 9 May 1958.

[92] NA; RG 59; DF 1955 - 1959, Box 3442; 756D.00/5-1258; Dulles to Jones (No. 3300), 13 May 1958 and 756D.00/5-1358; Dulles to Jones (No. 3301), 13 May 1958.

[93] NA; RG 59; DF 1955 - 1959, Box 3442; 756D.00/5-1558; Jones to the Secretary of State, 15 May 1958.

UN. Not only had the Government been aware of the links between the US Navy and the rebels in Sumatra but, by late April, Jakarta knew that American, Chinese and Filipino pilots were working for the rebels.[94] Although both Dulles and Eisenhower ascribed American involvement with the rebels to the presence of 'soldiers of fortune' or 'adventurers', Jakarta had compelling evidence of official US intervention by the time Djuanda rejected Dulles' cease-fire. Before finally deciding against talking to the PERMESTA, the Indonesian Government had sent an intermediary, Lieutenant Colonel Andi Jusuf, to Menado to explore the possibility of a negotiated settlement. Later, he told the US Army Attaché that he had found 'very young' Americans and Chinese pilots there who did not seem to him to be 'adventurers' but looked like people out of 'West Point'. The airfield, he said, was protected by anti-aircraft guns and 'Chinese colonels' were training Indonesians in their use. Jusuf also reported that he had been told that Dutch marines had participated in rebel actions. Most worryingly for the Americans, he bragged that two Jakarta agents had penetrated the rebels' communications system and were giving all incoming and outgoing messages to the Government. Jakarta, he said, was receiving daily information about all missions to be carried out and had the fingerprints and photographs of all the Chinese and American pilots.[95] An indication of the potential dangers of the operation came when, on 17 May, a rebel B-26 strafed a British submarine, *HMS Aurochs*, off the Celebes' coast, much to the embarrassment of the British Government, which had

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[94] NA; RG 59; DF 1955 - 1959, Box 3442; 756D.00/5-158; Jones to the Secretary of State, 3 May 1958.

[95] NA; RG 59; DF 1955 - 1959, Box 3442; 756D.00/5-1258; USARMA, Jakarta, to the Secretary of State, 12 May 1958.

originally thought an Indonesian plane was responsible.[96] However, the following day the shooting down of a B-26 over Ambon and the capture of its American pilot, Allen Lawrence Pope, finally ended the Dulles' brothers military adventure in Indonesia.[97]

At the time, the operation in Indonesia was the largest covert action undertaken by the CIA and cost $10 million. It involved the US Navy, planes and aircrew supplied by the CIA's proprietary airline, Civil Air Transport, and overflights by U-2 spyplanes. Clandestine support had been given to the rebels by the US, the UK, Taiwan and the Philippines with Australian and, possibly, Dutch assistance and yet the effort was 'a complete failure.'[98] Despite its grand scale, the intervention was poorly managed by the Administration, which became entangled with insurgents who it did not know and whose capabilities it

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[96] Crew members from HMS Aurochs, interviewed on condition of anonymity, said that the vessel was in transit from the "Oceanlink" exercise to Sydney when it was attacked by an unmarked Mitchell bomber. After the submarine docked at Townsville, the crew were told that the plane's pilot had been American and they were required to re-sign the Official Secrets Act. The British Government complained to Jakarta about the incident before realising that it had been a rebel plane which had machine-gunned *HMS Aurochs*. (PRO; FO 371/135907).

[97] It appears possible that an American pilot had been captured as early as 5 May. On 11 May, Jusuf talked to the US Army Attaché about 'the B-26 which was shot down near Ambon a short time ago' and which had an American pilot. The Attaché's report of the conversation implied previous knowledge of this in the State Department. (NA; RG 59; DF 1955 - 1959, Box 3442; 756D.00/5-1258; USARMA, Jakarta, to the Secretary of State, 12 May 1958.) It is possible that Pope was actually captured much earlier than has been realised or that another plane was downed. In either event, such an occurrence would place in a different light Djuanda's insistence, on 5 May, that he had proof of the use of Clark Field (Pope was carrying such evidence with him when he was captured), Herter's decision to authorise the rice and arms supplies, on 6 May, and the visit to Jakarta of Admiral Lawrence Frost, the Chief of US Naval Intelligence, on 8 May. If two American pilots were captured, it makes even more incredible the continuation of the bombing campaign in the period between the two incidents.

[98] This assessment was made later by Richard Bissell (DDEL; Oral History Interview with Richard M. Bissell Jr., 9 Nov. 1976.) For accounts of the CIA's involvement in the rebellion, see Leonard Mosley, *Dulles : A Biography of Eleanor, Allen, And John Foster Dulles And Their Family Network*, (New York, 1978) and L. Fletcher Prouty, *The Secret Team : The CIA And Its Allies In Control Of The United States And The World*, (Englewood Cliffs, 1973).

overestimated.[99] The CIA's performance certainly did not impress Admiral Arleigh Burke, the US Chief of Naval Operations, who later told Casey that it failed to provide 'positive and reliable' intelligence and tended to report information which supported its theories, dismissing unhelpful material.[100] Pope's capture also left Washington in a particularly difficult position which, since it could hardly admit that he worked for the CIA, forced it to rely on Jakarta to minimise publicity about his employers. In this respect, at least, Washington was in luck because the pro-American leadership in Indonesia was already negotiating with Jones and had nothing to gain from publicly exploiting the incident. Indeed, an open admission that the US Government had been behind the bombing would have risked not only the talks but a further boost for the PKI. Accordingly, Djuanda, Subandrio and Nasution all took steps to damp down the matter.[101] Nevertheless, the fiasco critically undermined the Administration's leverage over the Djuanda Government and the detention of its agent gave Jakarta a valuable negotiating advantage over Washington. The exposure of the US role in the rebellion set the final seal on the shift in Administration policy away from the dissidents and towards its new friends in Jakarta.

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[99] Smith, *Portrait Of A Cold Warrior*, p. 241. AA; CRS A1838/272/250/10/7/6; Australian Embassy, Washington, to the DEA, 10 Jul. 1958.

[100] NLA; Casey Papers, MS 6150, Lord Casey's Diaries; Entry for 12 Sept. 1958.

[101] AA; CRS A1945/39/248/7/18; Australian Embassy, Washington, to the DEA, 28 May 1958. For example, Jakarta did not announce Pope's capture until 27 May 1958. Washington steadfastly refused to reveal Pope's association with the CIA, even within the Administration, but Mein did admit to an Australian Embassy official that Pope had been working for the CIA. (AA; CRS A1838/269/TS383/6/3; Australian Embassy, Washington, to Casey, 23 Dec. 1959.) Although sentenced to death, in 1959, Pope was reprieved and released, in 1962. He returned to work for the CIA. (Victor Marchetti and John Marks, *The CIA And The Cult Of Intelligence*, p. 29.)

8. Picking Up The Pieces (June 1958 - January 1961)

The collapse of the Dulles brothers' secret campaign against Sukarno left the Administration in an extremely weak position as it tried to try to repair the damage done by its failed intervention in the rebellion. However, Washington's chances of building a better relationship with Jakarta were hindered by its unwillingness to adopt policies which showed a renewed commitment to Indonesia. Instead, it continued to give preference to the views of its Anglo-Saxon allies, which limited its ability to project a positive impression to the Indonesian Government and hamstrung its attempts to prevent further intrusion by the Soviets. Secretary of State Dulles was reluctant to accept the need for a *rapprochement* with the Indonesian Government. Nonetheless, on 20 May, he expressed publicly the Administration's new-found belief that the differences between the Government and the rebels were an internal matter which 'should be dealt with ... without intrusion from without.' Dulles' statement was part of the price demanded by Djuanda to demonstrate American goodwill before he and Nasution began to fulfil their part of the deal, which included a Cabinet reshuffle and action against the PKI. On 22 May, Washington delivered more confidence-building measures, which included the rice sale, $1.2 million of aircraft spares for the national airline, the police and the airforce and some small arms for the police.[1] Dulles also held out the prospect that Washington would be prepared to

[1] NA; RG 59; DF 1955 - 1959, Box 3443; 756D.00/5-2358; Robertson to Admiral Stump, 23 May 1958.

extend 'substantial economic aid and ... military aid' after the Indonesians had shown their determination to eliminate 'the communist threat'.[2]

Despite Jones' optimism that the rebels had forced a change in the central government's outlook, the reality was that "moderates" who had supported the dissidents had been disgraced by the rebellion's failure. Power and influence now was shared between the army, the PKI and Sukarno, and all of them regarded the US with varying degrees of suspicion. The first indication that the realities of political life in Indonesia would not be especially pleasing for Washington came with the long-awaited Cabinet reshuffle, on 25 June, in which the Americans had hoped to see Hatta and the Sultan of Yogjakarta figure. However, neither were included and the "leftists" from the outgoing Cabinet remained in place. Reflecting the sense of deflation in American circles, Jones reported that the new Cabinet was 'somewhat disappointing but ... probably the best that can be hoped for', his disappointment assuaged only by the inclusion in the Cabinet of an army officer.[3] If the reshuffle produced, in Washington, a sense of unease about its future relationship with Jakarta, then the Indonesians were having identical thoughts as the rebels kept up their bombing raids and Washington seemed unable to halt them.[4]

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[2] NA; RG 59; DF 1955 - 1959, Box 3443; 756D.00/6-758; Circular 1160 signed by Dulles, 7 Jun. 1958.

[3] NA; RG 59; DF 1955 - 1959, Box 3443; 756D.00/6-1658; Jones to the Secretary of State, 27 Jun. 1958. *The New York Times*, 29 Jun. 1958.

[4] The raids were being mounted by B-26's from Taiwan, with the planes refuelling in the Philippines, indicating continued CIA involvement. Administration efforts to stop the raids may have been hindered by the CIA being unwilling to 'jeopardise its sources' by allowing Mein to give the government in Taiwan evidence at Washington's disposal. (AA; CRS A3092/2/TS221/11/161; Australian Embassy, Washington, to the DEA, 16 Jul. 1958.) The

In early April, Jones had identified the army as Washington's main anti-communist ally in Indonesia.[5] Impressed by its unexpectedly good performance against the rebels and by Nasution's apparent determination to take on the PKI, the Administration had, nevertheless, been disturbed at the lack of detail in Nasution's plans to combat communism. In an effort to cement relations with the army, and to help repair the damage done to America's reputation in the armed forces by the arming of the rebels, Washington now reconsidered Jakarta's long-outstanding request for weapons. With Eisenhower's approval, the negotiations were concluded on 13 August and the first delivery arrived in Jakarta on 15 August, to be followed by a further fourteen 'huge shipments' by the end of the month. In total, $7 million worth of small arms, enough to equip twenty-one battalions, were delivered.[6]

According to Jones, the effect on Indonesian opinion was palpable as it seemed to the people that 'America was with them instead of against them.' Even Sukarno, worried that Washington might be building up the army to move against him, took a ride in one of the Globemaster transport planes - an event which associated him with the arms supplies and helped dispel his fears about US motives.[7] Despite Jones' euphoria, the supplies did not represent an unconditional commitment by Washington to the Djuanda Government. Careful

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Taiwanese had stopped aiding the "rebels" by mid-August 1958. (NA; RG 59; DF 1955 - 1959, Box 3443; 756D.00/7-258; US Embassy Taipei to the Secretary of State, 19 Aug. 1958.)

[5] Jones to the Secretary of State, 6 Apr. 1958, FRUS 1958 - 1960 XVII, pp. 92 - 94.

[6] NA; RG 59; DF 1955 - 1959, Box 2518; 611.56D/7-258; James O'Sullivan to Robertson, 19 Aug. 1958. Jones, *Indonesia : The Possible Dream*, p. 154.

[7] NA; RG 59; DF 1955 - 1959, Box 2518; 611.56D/9-258; Jones to Robertson, 2 Sept. 1958.

to minimise opposition from the Dutch and Australians to the weapons transfers, Dulles had made it clear that Washington would not wish to give Indonesia the means with which to attack West Irian. To obviate this possibility, Subandrio had given assurances that the arms would not be used for offensive purposes and Dulles informed Casey that no 'major weapons' would be provided.[8] Of more concern, though, was the extent to which Indonesia had turned to the Soviet Bloc for assistance since 1957. Compared with a total of $276.9 million of economic assistance from the US since independence, Indonesia had accepted an estimated $194 million in non-military aid and $178 million in military assistance from the Soviets.[9] In an effort to offset the increasing encroachment of Soviet influence, Dulles approved a further tranche of military aid, in November. The new package, which included aircraft for the first time and was worth $7.8 million, was part of a concerted effort by Washington to wean Jakarta away from a dependence on Soviet weaponry.[10]

Signs that the Djuanda Government was interested in developing a new relationship with Washington soon became evident. Nasution's campaign to rein in the PKI continued in a largely unspectacular way but was sufficiently effective

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[8] AA; CRS A4311/5/98/2; "Indonesia and The Netherlands", submission to the Cabinet by Casey, 8 Jul. 1958. Indonesia's shopping list had totalled $120 million, and included a request for helicopters and it seems that the Administration was originally thinking in terms of sales totalling $75 million. (AA; CRS A3092/2/TS221/11/161; DEA to the Australian Embassy, Washington.)

[9] DDEL; WHO Records, OSANSA Records 1952 - 61, NSC Series, Policy Papers Subseries, Box 26; NSC 5901 - US Policy On Indonesia; "US Policy On Indonesia", NSC 5901, 16 Jan. 1959.

[10] NA; RG 59; Bureau of European Affairs (BEA), Office of Western European Affairs (OWEA), Alpha-Numeric Files of the Swiss-Benelux Desk, 1951 - 1963, Box 7; I7 Indonesia - 1959; Robertson to the Secretary of State, 11 Jan. 1959. American military supplies formed only part of the West's efforts to end Indonesian purchases of Soviet weaponry.

for John Gordon Mein, the Deputy Director of the Office of Southwest Pacific Affairs, to report that PKI leaders were, for the first time, complaining of 'military repression'. He also noted that, with Djuanda's co-operation, 'leftist influence' on Sukarno had been reduced.[11] It was, however, Djuanda's cancellation of the elections scheduled for 1959 which struck the most important blow against the PKI's aspirations. The decision, taken in September, appeared to the State Department to give clear evidence that its policies were working.[12] Taken together with a new economic settlement for the regions, approved in July, and the adoption of a law governing foreign investment, also in September, there were enough indications that a positive relationship would be possible. The new atmosphere even allowed Washington to discount the outlawing of the Masjumi and the PSI throughout the rebellious areas, which emphasised the extent to which the Administration was now committed to working with the central government.

However, the new situation hid a continuing mutual distrust on both sides' part. The evidence of American involvement with the rebels had affected many of its erstwhile friends, and Sukarno, deeply. Washington's sudden reversal of its policy, while welcome, did not inspire confidence that it was 'really ready and willing ... to support Indonesia.'[13] Meanwhile, Dulles had found it hard to reconcile the new approach to Indonesia with his support for the rebellion and

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[11] NA; RG 59; DF 1955 -1959, Box 3444; 756D.00/12-258; Mein to Robertson, 8 Dec. 1958.

[12] NA; RG 59; DF 1955 -1959, Box 3443; 756D.00/9-258; Memorandum of Conversation by Robertson of a meeting with van Roijen, 26 Sept. 1958.

[13] NA; RG 59; DF 1955 - 1959, Box 2517; 611.56D/1-858; Jones to the Secretary of State, 11 Jun. 1958. Jones is quoting Ruslan Abdulgani, Vice Chairman of the National Council.

harboured doubts about Jakarta's willingness to confront communism. Late in June he had indicated to Jones that he still considered that the dissidents, whom he likened to 'embers which could flare up', offered an alternative to *rapprochement*.[14] When the rebels were no longer a viable force, he continued to make clear his misgivings about the direction of US policy but could not bring himself - and this went for Eisenhower, too - to take Jones advice and 'cultivate' Sukarno.[15]

Evidence persisted that Dulles had still not come to terms with the collapse of his own strategy for exerting influence on Sukarno while the "Asianists" in Washington had revised their views in the light of reality. While Dulles maintained the official line that relations with Indonesia had taken a positive turn, he still found it hard to hide his scepticism. He told a NATO meeting, in December, that Jakarta was acting in ways which were 'contrary to the interests and desires of the Communists' and that Washington was using its 'modest supplies of (military) equipment' to encourage it. Dulles argued that US policy, while it 'might be wrong', was an honest attempt to win influence with the Indonesian Government, an aim which it seemed, to him, was being achieved.[16] More enthusiastic in his support for the new approach was Robertson who, by

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[14] NA; RG 59; DF 1955 - 1959, Box 3443; 756D.00/6-1658; Dulles to Jones, 28 Jun. 1958.

[15] NLA; Casey Papers (MS 6150), Lord Casey's Diaries; Entry for 17 Sept. 1958.

[16] AA; CRS A1838/272/250/10/7/6; External Affairs Office, London, to the DEA, 19 Jan. 1959.

June 1959, had concluded that Washington's policy was 'correct', had secured 'heartening' progress and promised more.[17]

The extent to which Dulles, and the other interventionists, had lost influence was confirmed by the review of US policy which followed the rebels' defeat and the Administration's transfer of support to the central government, and particularly, the army. Consideration of the dissidents in relation to US policy, confined to one paragraph buried deep in NSC 5901, acknowledged that they had become merely an 'effective guerrilla fighters' with the capacity to harass and disrupt the central government. No longer seen as a way of pressurising Sukarno, the rebels had become an irritant for an Administration which now sought tamely to 'encourage reconciliation' between them and Jakarta. The new policy document, approved on 29 January 1959, was a much more sensitive analysis of the causes of the friction between Washington and Jakarta than had been acceptable for some time. Washington not only accepted that its attitude towards nationalism had affected relations with Indonesia but even conceded Jakarta's right to regard military pacts as sharpening Cold War tensions. In contrast to previous policies, NSC 5901 committed Washington to seeking Indonesia's friendship whilst Jakarta maintained an active association with the USSR and the PRC. Also for the first time, the Administration now accepted Dutch culpability for many of the chronic problems which Indonesia had faced since independence. Identifying Holland's failure to prepare Indonesia for political and economic

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[17] NA; RG 59; BEA, OWEA, Alpha-Numeric Files of the Swiss-Benelux Desk 1953 - 61, Box 7; Indonesia 1959; Robertson to W. Randolph Burgess (US Representative on the North Atlantic Council), 11 Jun. 1959.

freedom, Washington now re-dedicated itself to overcoming the legacy of colonialism.

The most far-reaching changes in the Administration's attitude came in its acceptance of Sukarno as the 'paramount' Indonesian leader and in the tactics it proposed to employ to counter communism in Indonesia. While the military's 'key importance as a stabilizing force' was clearly stated, NSC 5901 contained a tribute to Sukarno's symbolic importance as 'the mystic incarnation' of the state. Accepting the Indonesian President as 'a political fact of life which must be lived with', the document noted his apparent concern at the PKI's strength and his reluctance to use force, or to undermine his position above party politics, to curtail it. Implicitly recognising Sukarno's dilemma, and that the task of rolling back communist influence in Indonesia was not a simple one, Washington adopted a political strategy aimed at undermining the PKI's untainted reputation as a champion of popular causes with the aim of leaving it open to 'politically justifiable' repression.[18] However, the dissidents' activities threatened this new anti-communist strategy by allowing the PKI to retain its nationalist credentials as fighting continued in Sumatra. The insurgency also induced Indonesia to turn to the PRC for support as the Taiwanese continued to assist the rebels.[19]

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[18] DDEL; WHO Records, OSANSA Records 1952 - 61, NSC Series, Policy Papers Subseries, Box 26; NSC 5901 - US Policy on Indonesia; "US Policy On Indonesia", NSC 5901, 16 Jan. 1959. The policy was approved by the NSC on 29 January 1959.

[19] AA; CRS A3092/2/TS221/11/9; Australian Embassy, Washington, to the DEA, 6 Jan. 1959. NA; RG 59; DF 1955 - 1959, Box 2517; 611.56D/1-859; Jones to the Secretary of State, 18 Mar. 1959.

Despite the dissidents, both Sukarno and the Djuanda Government kept the political pressure on the PKI and, in doing so, persuaded Washington to alter its opinion of "Guided Democracy". Washington had placed itself in an awkward spot by supporting the postponement of the 1959 elections, from which it expected the PKI would emerge as the largest party.[20] In abandoning its democratic principles because it feared that the "wrong" party would win, Washington had invested a great deal of trust in the Indonesian leadership to ensure that an acceptable alternative was found. Nevertheless, there was a significant body of opinion within the Administration which was ready to accept that Western democracy might not be suited to Indonesia. Noting that little measurable progress had been made towards a stable political system since independence, officials argued that, in "Guided Democracy", Indonesian leaders who rejected totalitarianism and military dictatorship were seeking a middle way forward.[21] For instance, Jones saw benefits in Djuanda's proposal for a return to the 1945 Constitution, which, he argued, would maintain democratic safeguards whilst allowing the introduction of "Guided Democracy". He also observed that Sukarno's plan provided for regional representation in any elected Consultative Assembly and that the programme might, therefore, prove attractive to Hatta.[22]

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[20] DDEL; WHO Records, OSANSA Records 1952 - 61, NSC Series, Policy Papers Subseries, Box 26; NSC 5901 - US Policy on Indonesia; "US Policy On Indonesia", NSC 5901, 16 Jan. 1959.

[21] NA; RG 59; Lots 62 D 68 and 62 D 409, Box 21; 1959 Briefing Papers; MSP Briefing Book for Mr Robertson, 15 Jan. 1959.

[22] NA; RG 59; DF 1955 - 1959, Box 3444; 756D.00; Jones to the Secretary of State, 7 Jan. 1959. Since independence, Indonesia had had a provisional Constitution which was never ratified. The 1945 Constitution was that used by the Republic Of Indonesia.

These optimistic assessments seemed to be well-founded when, in February, the Government announced a plan for the implementation of "Guided Democracy" by the following August. The *New York Times* welcomed the proposal to include thirty-five members of the armed forces in parliament as well as the significant differences between it and Sukarno's original concept.[23] The Indonesian Government took great care to ensure that Washington was well-informed about its aims. In an advance briefing, Djuanda told Jones that the main aim of the plan was to reduce PKI strength and influence by breaking its links with the labour unions.[24] After a difficult birth, during which the Indonesian Parliament three times rejected Sukarno's request to return to the 1945 Constitution and the President was forced to introduce it by decree, the first element of "Guided Democracy" was introduced when a new Cabinet, headed by Sukarno, was appointed, on 8 July. With Djuanda as First Minister, Nasution as Minister of Security and Defence and no PKI or "fellow-traveller" members, the new Government was well-received in Washington, where Mein thought it reflective of a rightward trend.[25] Jones, however, saw the new Cabinet as nothing more than another example of Sukarno's desire to protect his position by playing off his rivals for power - Nasution and the PKI - against each other and he reminded Washington that this strategy had allowed the PKI to make its

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[23] *The New York Times*, 22 Feb. 1959.

[24] AA; CRS A3092/2/TS221/11/9; Australian Embassy, Washington, to the DEA, 29 Jan. 1959.

[25] AA; CRS A3092/2/TS221/11/161; Australian Embassy, Washington, to the DEA, 9 Jul. 1959.

comeback in the early 1950's.[26] Jones' concerns about the extent to which Sukarno planned to suppress the PKI were increased later in the month when communists were appointed to two new state bodies, the Supreme Advisory Council and the National Planning Council in what the Ambassador described as 'a real breakthrough for the PKI ... (as) they had penetrated officialdom.'[27]

If the State Department was relatively content with Jakarta's new anti-communist stance, it also had to confront the other factors which had been identified in NSC 5901 as contributing to a possible communist take-over in Indonesia. In addition to countering the growing strength of the PKI, policy now committed Washington to 'vigorous' action to wean Jakarta away from Soviet bloc economic and military aid. Noting that the Indonesian fiscal and financial situation was 'at about the lowest level since independence', NSC 5901 linked popular disaffection to the Indonesian Government's inability to deliver economic development and basic services. In much the same way as previous policy statements had identified the need to encourage economic reform as a priority for US policy, NSC 5901 listed a battery of remedies for Indonesia's ailing economy but specifically counselled against actions which might give the impression that Washington was attempting to control, or take responsibility for, Indonesian economic development. This fresh sensitivity on the Administration's part also encompassed the acceptance that Indonesia would, at

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[26] NA; RG 59; DF 1955 - 1959, Box 3445; 756D.00; Jones to the Secretary of State, 27 Jul. 1959.

[27] Jones, *Indonesia : The Possible Dream*, p. 242.

least in the short-term, continue to receive assistance from the Soviets.[28] Since 1951, US technical, developmental and other economic assistance had totalled $61.4 million and had been concentrated on educational and health projects with developmental funding coming largely from the 1950 Export-Import Bank loan of $100 million. With its renewed interest in competing with the Soviets, the level of US assistance for economic development now increased with the authorisation of loans totalling $76.8 million.[29] Although the Indonesian Government showed no immediate willingness to break its links with the USSR - in January, it had taken up the $100 million loan first offered by the Soviets in September 1956 and, in July, received another $17.5 million in aid from Moscow - Jones remained convinced that Washington should respond positively to any future requests for assistance from Jakarta.[30]

Of even greater importance to Washington was the question of military aid. Convinced that the armed forces represented the 'principal obstacles' to the PKI, Washington undertook to 'increase (the army's) capability to maintain internal security and combat Communist activity ... by providing appropriate arms, equipment and training ....' Despite this, the Administration's commitment was not wholehearted as it balanced its wish to bolster Nasution with the fears of

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[28] DDEL; WHO Records, OSANSA Records 1952 - 61, NSC Series, Policy Papers Subseries, Box 26; NSC 5901 - US Policy on Indonesia; "US Policy On Indonesia", NSC 5901, 16 Jan. 1959.

[29] *The New York Times*, 13 Feb. and 19 Mar. 1959. AA; CRS A1838/2/827/3/19; News Bulletin, 2 Jul. 1959 and A1838/321/3034/11/161; News Bulletin, 27 Jun. 1959. The loans comprised $6 million from the Development Loan Fund for harbour rehabilitation and $70.8 million from PL 480 surpluses.

[30] *The New York Times*, 4 Jan. and 26 Jul. 1959. NA; RG 59; DF 1955 - 1959, Box 3445; 756D.00/7-1559; Jones to the Secretary of State, 27 Jul. 1959.

Australia and The Netherlands that Indonesia might acquire the means to conquer West Irian. Perhaps with this and the Administration's recent transfer of loyalty from the dissidents to the army in mind, the Joint Chiefs of Staff were concerned lest, having committed itself to Nasution, the US should again prove to be fickle. During the NSC discussion of the new policy, Admiral Burke, the Chief of Naval Operations, warned that any failure to 'keep the ball rolling' would 'destroy ... or weaken' Nasution, who, he noted, had been the chief agent of Indonesia's recent escape from 'the clutches of the Communists'. To meet these concerns, the Administration sought to design an arms supply programme, described in NSC 5901 as 'limited but continuing', which avoided increasing the Indonesian army's offensive capacity while satisfying the recipients that the US was responsive to its needs.[31]

This was, however, easier said than done. Although NSC 5901 contained an 'illustrative military assistance program' totalling $46.9 million up to Fiscal 1962, the Department of Defense admitted that it would not meet Indonesian requirements for 'major naval vessels, aircraft ... or the major reequipping of the Indonesian armed forces'. The organisers of the programme were worried that it represented 'an illogical, perhaps dangerously dilatory, piecemeal approach' to providing military aid.[32] In fact, Washington's plans to counter Soviet military

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[31] NA; RG 59; BEA, OWEA, Alpha-Numeric Files of the Swiss-Benelux Desk 1953 - 61, Box 7; Indonesia 1959; Robert Moore to Mein, 23 Mar. 1959 and Robertson to Burgess, 11 Jun. 1959. DDEL; WHO Records, OSANSA Records 1952 - 61, NSC Series, Policy Papers Subseries, Box 26; NSC 5901 - US Policy on Indonesia; "US Policy On Indonesia", NSC 5901, 16 Jan. 1959 and Ann Whitman File, NSC Series; 395th Meeting of the NSC, 29 Jan. 1959. AA; CRS A5818/2/VOLUME 1/AGENDUM 12; Cabinet Submission No. 12, by Casey, 5 Jan. 1959.

[32] NA; RG 59; BEA, OWEA, Alpha-Numeric Files of the Swiss-Benelux Desk 1953 - 61, Box 7; Indonesia 1959; Moore to Mein, 23 Mar. 1959.

aid to Indonesia were designed only to give Indonesia the means to combat internal disorder and conceded to others, the USSR included, the market for prestige heavy weaponry. The evidence from the military planners that the programme had not been thought through properly only added to the impression that American policy remained reactive and in thrall to Dutch and Australian policy. These deficiencies did not seem important, however, when a further $15 million package of arms was approved, in early February. This assistance, most of which was to equip twenty army battalions 'on an austere basis', was seen as an expression of the Administration's confidence in the Indonesian leadership and was received by a 'delighted' Indonesian military.[33]

The issue of sovereignty over West Irian continued, however, to bedevil relations with Indonesia. In the decade since Indonesian independence, Washington had singularly failed to use its influence with Indonesia, Holland or Australia seriously to push for a solution. Now, in a frank assessment of the situation, the Administration admitted that its apparent inability to support the Indonesians had left this 'key gambit' to the Soviets. It also recognised that the benefits of its assistance programmes were significantly undermined by this failure to satisfy Indonesian nationalism and Sukarno's personal commitment to the West Irian issue. However, Washington's friendships with the Dutch and the Australians still left it unable to accept Indonesia's case for sovereignty.

Although the nature of the diplomatic problem posed by the sovereignty question

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[33] DDEL; WHO Records, OSANSA Records 1952 - 61, NSC Series, Policy Papers Subseries, Box 26; NSC 5901 - US Policy on Indonesia; "US Policy On Indonesia", NSC 5901, 16 Jan. 1959. *The New York Times*, 10 Feb. 1959.

had not changed - and neither had the US policy of neutrality - circumstances had altered enough to cause the Western allies to think that Indonesia might launch an attack on West Irian. The West had been shocked by the proficiency of Jakarta's forces in putting down the dissidents and feared that Soviet weapons supplies would enhance their capabilities. Washington also had doubts about Jakarta's intentions towards Timor, Papua and British Borneo and worried that a military success in West Irian might encourage Indonesia to pursue claims in these areas.[34]

Given the belief, in Washington, that a negotiated settlement of the dispute was impossible, its main diplomatic effort now centred on preventing the use of force by Jakarta to resolve the matter. As early as November 1958, Dulles had warned Subandrio that the US would oppose any forcible alteration to the *status quo* [35] and this attitude persisted throughout 1959. In defending US, and other Western countries', arms sales to Indonesia, Robertson claimed that they had given the 'free world ... a considerable deterrent' to any Indonesian aggression against West Irian.[36] While using its new-found influence in Jakarta to prevent an attack, Washington also gave the Dutch promises of support should one be launched. In October 1958, Dulles had undertaken to support the Dutch 'to the limit of (the Administration's) legal authority', a contrivance which implicitly

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[34] DDEL; WHO Records, OSANSA Records 1952 - 61, NSC Series, Policy Papers Subseries, Box 26; NSC 5901 - US Policy on Indonesia; "US Policy On Indonesia", NSC 5901, 16 Jan. 1959.

[35] NA; RG 59; BEA, OWEA, Alpha-Numeric Files of the Swiss-Benelux Desk 1953 - 61, Box 6; "US Assurances to the Dutch on Indonesia - 1958", by W. Cromwell, 11 Feb. 1959.

[36] NA; RG 59; BEA, OWEA, Alpha-Numeric Files of the Swiss-Benelux Desk 1953 - 61, Box 7; Indonesia 1959; Robertson to Burgess, 11 Jun. 1959.

acknowledged that any assistance would be logistical rather than military. After his death, this formula was repeated by Christian Herter, his successor, and formed the basis of Washington's continued support for the Dutch.[37] Although the Administration officially remained neutral on the issue, the reality was that its policy remained the essentially conservative one of support for the Dutch.

Despite the continuing irritation caused by the West Irian dispute, the Administration was, by the end of the year, more optimistic about its relations with Indonesia. Mein, now the Director of the Office of Southwest Pacific Affairs, noted that US interests had been 'perceptibly if unevenly advanced' over the preceding eighteen months. Pointing to undertakings by Sukarno that Indonesia would not use force against West Irian, the Government's 'orientation (towards) the free world' and the growing opposition to the PKI, he told James Parsons, the new Assistant Secretary for Far Eastern Affairs, that he saw no reason to alter the basic approach set out in NSC 5901. Mein's optimism was, however, qualified by the persisting political instability, caused by economic, administrative and internal security problems, which were stopping the new Government from making other than slow progress.[38] Even Allen Dulles thought that Indonesia 'was more friendly to us at present than it had ever been', drawing comfort from the anti-PKI campaign and the frosty state of relations between Indonesia and the PRC caused by Jakarta's campaign against ethnic Chinese.[39]

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[37] NA; RG 59; BEA, OWEA, Alpha-Numeric Files of the Swiss-Benelux Desk 1953 - 61, Box 7; Indonesia 1959; "Precise Oral Statement to the Dutch", attached to Kohler to Parsons, 10 Aug. 1959.

[38] NA; RG 59; DF 1955 - 1959, Box 3446; 756D.00/12-3159; Mein to Parsons, 31 Dec. 1959.

[39] DDEL; Ann Whitman File, NSC Series, Box 12; 429th Meeting of the NSC, 16 Dec. 1959.

The Administration's more positive outlook, while based on concrete evidence of Jakarta's responsiveness to American concerns, nevertheless masked signs of the uneasiness which had characterised its relations with Indonesia since 1945. In particular, Washington found it difficult to assess Sukarno's attitude towards communism. Despite the cooling of his friendship with Beijing and his Government's anti-PKI campaign, he remained close to the PKI. Compounding Jones' worries about the direction "Guided Democracy" might take, the President made clear that he saw the answer to Indonesia's economic ills as lying in a greater socialisation of the economy.[40] While this might have been expected, he also went out of his way, in September, to court the PKI by speaking to its 6th Congress having first overridden a decision by Nasution to ban it. Although Herter was prepared to accept Sukarno's appearance as a manoeuvre in his power struggle with the army and the PKI, he observed that it did nothing to dampen US concerns about Indonesia's future.[41] Sukarno was not, however, the only one to endanger the improvement in US-Indonesian relations as, for a fourth time, Eisenhower rejected his opposite number's invitation to visit Indonesia. While Sukarno reluctantly accepted Eisenhower's refusal, Mein thought that it was becoming increasingly difficult to find convincing reasons why the President should not agree to visit. Noting that Sukarno attached great importance to personal relationships and would take a further rejection as a personal affront, Mein argued that Eisenhower should build on the evident signs of friendliness

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[40] *The New York Times*, 22 Apr. and 2 Sept. 1959.

[41] NA; RG 59; DF 1955 - 1959, Box 3445; 756D.00/8-1459; Herter to Jones, 30 Sept. 1959.

from the Indonesian Government and take advantage of the collapse in Indonesian-PRC relations by visiting Indonesia during 1960.[42]

As Eisenhower entered his last year as President, US-Indonesian relations were relatively tranquil. With Sukarno preoccupied by the introduction of "Guided Democracy", Washington refrained from making any dramatic gestures which might be construed as interference in Indonesian affairs. Instead, it preferred to allow Indonesia to 'work out its own destiny' while pursuing the longer-term goal of cultivating influential sectors of the elite through which it could work in the future.[43] In January, the Operations Coordinating Board concluded that the Administration had achieved 'perceptible, if not precisely measurable' progress towards its policy objectives and that nothing had occurred which merited the reconsideration of policy.[44] Washington's recognition that it faced a lengthy period of difficult diplomacy if it was to win over the Indonesians had conditioned it to accept unfavourable developments as the price which it would have to pay for eventual success.

In an effort to maintain the momentum of its policy of constructive involvement, Eisenhower approved a further $21.5 million in military aid for Fiscal 1960 and the Export-Import Bank authorised a credit of $47.5 million for

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[42] Jones, *Indonesia : The Possible Dream*, p. 181. NA; RG 59; Lots 62 D 68 and 62 D 409, Box 21; 1959 : 320 - USA; Mein to Parsons, 27 Nov. 1959.

[43] AA; CRS A1838/321/3034/11/161; DEA to the Australian Embassy, Washington, 11 Mar. 1960.

[44] DDEL; WHO Records, OSANSA Records 1952 - 61, OCB Series, Subject Subseries, Box 3; Indonesia; "Report On Indonesia (NSC 5901)", 27 Jan. 1960.

the construction of a fertiliser plant and an electric power station.[45] Nevertheless, Washington found that the Soviets were more than willing to match them in the competition for Indonesia's affections. When Prime Minister Nikolai Khruschev spent two weeks in Indonesia during February and offered $250 million in aid, Allen Dulles conceded that his visit had been a 'mild success'. However, the trip was viewed in an altogether more positive light by Indonesians. Even moderates, like Ide Agung, contrasted Washington's formulaic approach to Jakarta with the dynamism of Moscow's.[46] The difference in the attitudes of the two Cold War antagonists became clearer to Indonesians when, in April, Eisenhower turned down, for the fifth time, an invitation from Sukarno to visit Indonesia. Although the official reason for the refusal was medical advice that Eisenhower should not undertake a long tour of Asia, Ambassador Jones records that the President was not prepared 'to go out of his way to please' a man he 'disapproved (of), disliked and distrusted'. The rejection also conformed with Washington's long-held policy of doing nothing which might enhance Sukarno's prestige, a position which Jones thought needlessly alienated the only man who could have brought Indonesia into the West's camp. As Mein had predicted, the Indonesian President regarded the rejection as a personal humiliation.[47]

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[45] DDEL; WHO Records, OSANSA Records 1952 - 61, OCB Series, Subject Subseries, Box 3; Indonesia; "Report On Indonesia (NSC 5901)", 27 Jan. 1960. *The New York Times*, 29 Jan. 1960.

[46] DDEL; Ann Whitman File, NSC Series, Box 12; 436th Meeting of the NSC, 10 Mar. 1960. Ide Anak Agung Gde Agung, *Twenty Years Indonesian Foreign Policy*, pp. 382 - 83.

[47] Jones, *Indonesia : The Possible Dream*, pp. 181 - 82. Adams, *Sukarno : An Autobiography As Told To Cindy Adams*, p. 296.

Once more, a gap had opened up between the analyses of Indonesian domestic politics made by the American Ambassador and Washington. While Jones accepted that "Guided Democracy", but especially Sukarno's devotion to *gotong rojong* politics, was allowing the PKI to wield greater power, he believed that it represented a genuine attempt to deal with the political chaos which had plagued the country since independence.[48] However, policymakers in the US saw only communism's remorseless advance under Sukarno's patronage and, as a result, sought an ever-closer alliance with Nasution.

The PKI continued to benefit from the country's parlous economic situation as it took a leading part in channelling popular discontent into protests against government policies.[49] However, more worrying for the State Department was the Party's growing influence in the institutions of "Guided Democracy". The creation, in January, of the National Front, which Sukarno envisaged would eventually replace all political parties, led to the banning, in August, of the Masjumi and the PSI while the PKI managed to circumvent the new regulations governing the operation of political parties in the interim. Also contributing to the unease felt in Washington was Sukarno's appointment, in March, of a *gotong rojong* parliament in which the PKI and its supporters were estimated to have 20 per cent of the seats.[50] By August, when the Peoples' Consultative Congress, whose composition reflected that of the parliament, was established, only the

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[48] Jones, *Indonesia : The Possible Dream*, p. 245.

[49] AA; CRS A3092/2/TS221/11/161; Australian Embassy, Washington, to the DEA, 27 Jan. 1960.

[50] *The New York Times*, 28 Mar. 1960.

Cabinet did not contain PKI members. Despite Jones' attempt to understand these developments as a response to the failure of Western democratic forms in Indonesia, the Embassy now began to report that the PKI seemed to be getting closer to power and might even find Indonesia delivered into its hands without a fight.[51]

The PKI was, however, only one of three main players on the Indonesian political scene. It was engaged, with Sukarno and the army, in a complex competition for power in which Sukarno had alliances with each of the other two and, at the same time, dominated them.[52] Washington, while aware that the Indonesian President was the paramount figure in the equation, remained unable to come to terms with him, especially as his "Guided Democracy" reforms concentrated power in his hands. In the early months of 1960, the Administration was prepared to accept the new political system as an attempt to find solutions to Indonesia's chronic problems.[53] However, as Sukarno moved to the left and in the wake of the severing of relations with The Netherlands in August, "Guided Democracy" once more was seen as the infrastructure of a nascent communist state. The announcement of NASAKOM, Sukarno's concept which combined the nationalist, religious and communist elements of society in a representation of unity, was emblematic of this leftward drift and convinced Jones that the

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[51] NA; RG 59; Central Decimal File (CDF) 1960 - 1963, Box 2204; 798.00/9-2660; Rolland Bushner (Counselor) to the Secretary of State, 25 Oct. 1960.

[52] Leifer, *Indonesia's Foreign Policy*, pp. 54 - 55.

[53] This view was shared, for example, by Dr. Raymond Allen, the Director of the US Operations Mission to Indonesia (ICA), in his report "Observations and Reflections on Indonesia in Transition", 11 May 1960. (NA; RG 59; CDF 1960 - 1963, Box 2203; 798.00/7-160).

President was determined to construct 'some form of national communism' in Indonesia.[54] Having already identified the army as the main focus of its efforts to stem communist advances in Indonesia and pleased with Nasution's actions against the PKI, the Administration now moved to strengthen its ties with the military. In October, with the agreement of the Departments of State and Defense, Parsons gave Nasution secret assurances that he would get support from the US in the event that there was a 'final confrontation' between the army and Sukarno. Parsons believed that the assurances he gave would be a prerequisite to any army action designed to 'eliminate Sukarno as an effective force' and to reduce communist influence.[55] In making this commitment to Nasution, the Administration signalled that, once more, it had decided it could not work with Sukarno and was prepared to subvert a government it officially recognised.

The Administration's restrained relationship with Sukarno flowed not just from its doubts about the Indonesian leader but also because it had nothing substantial to offer which might induce him to throw in his lot with Washington, most notably in relation to West Irian. Having practised a policy of, what Dulles had once called, 'concealment' in which its pro-Dutch sympathies were hidden behind a facade of neutrality, the State Department still adamantly refused to accept Indonesia's case for sovereignty. However, as the voting power of the Third World increased in the UN, it became obvious that such a posture would

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[54] NA; RG 59; CDF 1960 - 1963, Box 2204; 798.00/9-2660; Jones to the Secretary of State, 15 Nov. 1960. NASAKOM is an acronym of Nasional, Agama, Komunis.

[55] NA; RG 59; CDF 1960 - 1963, Box 2204; 798.00/9-2660; Parsons to Merchant, 26 Sept. 1960 and BEA, OWEA, Alpha-Numeric Files of the Swiss-Benelux Desk, 1951 - 1963, Box 7; Indo; Memorandum of Conversation by the Secretary of Defense of a meeting with Parsons, 28 Sept. 1960.

not protect US interests much longer. Having previously contributed, by abstaining in votes, to the defeat of Indonesia's attempts to gain the UN General Assembly's support for negotiations, even the Bureau of European Affairs now accepted that Indonesia would probably win a vote should the issue return to that forum.[56] The matter came to a head, in August, when the Dutch announced that an aircraft carrier, the *Karel Doorman*, would visit West Irian as a reminder of Dutch sovereignty. Infuriated by what he saw as a direct challenge to Indonesia's claim to the territory, Sukarno broke off diplomatic relations with Holland and, the following month at the General Assembly, denounced Dutch sovereignty over West Irian as a threat to world peace.[57] In placing the West Irian issue back on the agenda, Sukarno made all the more compelling the need for a change in Washington's policy on West Irian. As part of a general review of US policy towards Indonesia, the outgoing Administration now acknowledged that the issue was 'a major deterrent' to the successful pursuit of US objectives in Indonesia and sought to 'isolat(e) the issue from cold war exploitation' by utilising the UN.[58] In what amounted to a compromise between the warring factions in the State Department as much as a proposal to defuse the West Irian crisis, Herter agreed that Washington would promote a plan under which West Irian would be placed in a UN trusteeship and, in doing so, recognised that Washington's past

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[56] NA; RG 59; BEA, OWEA, Alpha-Numeric Files of the Swiss-Benelux Desk, 1951 - 1963, Box 7; Indonesia - Miscellaneous 1958 - 60; McBride to Kohler, 30 Jun. 1960 and Kohler to Parsons, 6 Jul. 1960.

[57] Jones, *Indonesia : The Possible Dream*, p. 189.

[58] DDEL; WHO Records, OSANSA Records 1952 - 61, NSC Series, Policy pares Subseries, Box 29; NSC 6023 - US Policy On Indonesia; "US Policy On Indonesia", 19 Dec. 1960.

policy of 'non-involvement' had influenced Indonesia's drift towards a closer alignment with the Soviets.[59]

If the Administration was willing to contemplate a shift in its policy on West Irian in order to increase its influence in Jakarta, there was no similar desire to rectify failings in other areas of its relations with Indonesia. Having cultivated Nasution as its best hope of eventually destroying the PKI and reining Sukarno in, Washington once more showed that it preferred to place more emphasis on its allies' needs than it did on consolidating its allies in Indonesia. During the same trip to Washington in which he had been assured of US backing in any confrontation with Sukarno - a visit undertaken while Sukarno was in New York at the UN - Nasution was told that the Administration would be unable to meet Indonesian requests for heavy weaponry. The supplies were denied because of Washington's sensitivity towards Holland and Australia, who both feared that Western arms would encourage Indonesia to mount an attack against West Irian. However, as supporters of the original decision to restart arms deliveries had predicted, Moscow agreed to provide the weapons three months later.[60]

Neither was Eisenhower able to develop a personal rapport with Sukarno in order to advance US interests. After he had spoken at the UN General Assembly, Sukarno had remained in New York while Nasution had been fêted in Washington. Only at the last moment was Eisenhower persuaded to invite

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[59] NA; RG 59; BEA, OWEA, Alpha-Numeric Files of the Swiss-Benelux Desk, 1951 - 1963, Box 7; Indo; Kohler to Dean Rusk (Secretary of State Designate), 10 Jan. 1961.

[60] Jones, *Indonesia : The Possible Dream*, p. 189 - 90. Leifer, *Indonesia's Foreign Policy*, p. 63.

Sukarno to meet him in the capital and then it was to ensure that Sukarno did not 'go hard with Nasution' when they returned to Jakarta.[61] Before the meeting, Acting Secretary of State Douglas Dillon warned Eisenhower that Sukarno was vain and sensitive but that he responded well to personal attention.[62] Despite Dillon's efforts, the meeting turned into a disaster when Sukarno was kept waiting in an ante-room while an aide warned Eisenhower that his party included the leader of the PKI. Yet again, the Indonesian President felt that he had been slighted by an Administration which was not prepared to accord to him the respect which he believed he deserved.[63]

As Eisenhower's Presidency drew to a close, the state of US-Indonesian relations resembled that of 1957, except that Washington had little prospect of influencing the situation as it had hoped it could through the dissidents. The Administration's attitude towards Sukarno and his Government was marked by a sense of powerlessness in the face of the PKI's advance. From where he stood, Jones believed that, while the communists successfully exerted leverage in Indonesia and held the initiative, the West had become 'passive spectators' bereft of ideas about how to halt the communist juggernaut.[64] The review of US policy carried out in the closing weeks of 1960 reflected Jones' pessimism. Designed to

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[61] DDEL; WHO Records, Office of the Staff Secretary : Records 1952 - 61, Subject Series, State Dept. Subseries, Box 2; State Department - 1957 (June - July) (8); Memorandum of Conference with the President, 5 Oct. 1960. Jones, *Indonesia : The Possible Dream*, pp. 183 - 84.

[62] DDEL; Ann Whitman File, International Series, Box 31; Indonesia (1); Memorandum for the President, 5 Oct. 1960.

[63] Jones, *Indonesia : The Possible Dream*, pp. 183 - 84. Adams, *Sukarno : An Autobiography As Told To Cindy Adams*, p. 296.

[64] AA; CRS A1838/2/TS383/6/1; Australian Embassy, Jakarta, to the DEA, 2 Dec. 1960.

update NSC 5901, which was by this time almost two years old, NSC 6023 remained remarkably similar to its predecessor both in its analysis of the situation and its policy direction. Despite the paper's gloominess about the prospect that Sukarno's devotion to NASAKOM could lead to the PKI finally securing Cabinet seats, it contained no new policy initiatives to combat the threat save for the proposal to 'possibly' use the UN to defuse the West Irian question.[65]

The CIA, while it thought that US policy was misconceived, was similarly unable to put forward alternative solutions to the problem. In an analysis of policy conducted for the Kennedy Administration, Richard Bissell, the Deputy Director Plans, argued that Washington's reliance on Nasution as an anti-communist bulwark flew in the face of the facts about his close relationship with Sukarno. Bissell also displayed the dislike of Sukarno which had characterised the Dulles brothers' attitudes. Noting that Sukarno's 'dictatorship (was) the crux of the Indonesian problem', he suggested that the slide to communism in Indonesia would only be halted when Sukarno, who he saw as a latter-day Hitler, was no longer its leader. Bissell's argument revolved around his belief that Washington was appeasing Sukarno and his communist friends but he was unable to offer any panacea for the ills he described. Bemoaning the 'extremely limited' influence the US had, Bissell told the new Administration that the 'least unsatisfactory' policy which it might pursue involved the application of pressures, and the offering of favours, as an inducement to Sukarno and the

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[65] DDEL; WHO Records, OSANSA Records 1952 - 61, NSC Series, Policy Papers Subseries, Box 29; NSC 6023 - US Policy On Indonesia; "US Policy On Indonesia", 19 Dec. 1960. The policy was approved on 29 December 1960.

Indonesian elites 'to behave in a more constructive fashion.' Despite the CIA's earlier disastrous effort, Bissell was prepared to consider subverting the Sukarno Government, an option excluded only by the lack of 'countervailing elements which, of their own accord or in response to external stimuli, could effectively challenge or modify the policies of the Sukarno regime.'[66]

When John F. Kennedy came to power, he inherited a failed policy from his predecessor. Having sought, as its main objective, to prevent Indonesia from going communist, the Eisenhower Administration bequeathed a situation in which there was every possibility that the PKI would soon be able to challenge for power. Most disturbingly, the Administration had adopted policies the effect of which had been to destroy American influence in Indonesia. As Jones had concluded, Washington had been reduced to the role of a spectator and had no idea how it might act to secure its interests. In its way, Bissell's analysis also underlined how limited were Kennedy's policy options. Most remarkable, however, was the transformation which had taken place in US-Indonesian relations since 1945. From a position in which it had enjoyed enormous goodwill and respect amongst Indonesians, and especially their leaders, America was now seen as an aggressive and insensitive power in much the same way as the Dutch and the Japanese had been before them.

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[66] UVaL; Special Collections Department, Cumming Papers, Box 2; Indonesia Materials 1956 - 61 and 1973 - 75; "Indonesian Perspectives" by Richard Bissell, 22 Mar. 1961, attached to Bissell to Bundy, Rostow, McGhee, Nitze and Amory, 27 Mar. 1961.

9. Conclusion

In 1967, the former Vice-President, Richard Nixon described Indonesia as 'the greatest prize in the Southeast Asian area' because it contained 'the region's richest hoard of natural resources'.[1] His assessment came after the Indonesian military had, in 1965, suppressed a coup attempt by the PKI and carried out a massacre of suspected communists, which had left hundreds of thousands of people dead, and had removed President Sukarno from power. Nixon's comments reflected a new optimism in Washington that, with the PKI and Sukarno gone, Indonesia's immense untapped wealth could, at last, be won for the West. He also exposed the unpalatable fact that it had taken the tumultuous events of 1965 to return American thinking to the position it had been in at the end of the Second World War, when it had first sought to re-integrate Indonesia into the world capitalist economy. That American policy had failed to achieve this objective and that, by 1961, Indonesia seemed to be well on the way to becoming a communist-dominated state, had much to do with the manner in which successive Administrations had determined and executed that policy. For, despite the importance Washington accorded Jakarta, it was consistently unable to balance its own self-interest with a sympathetic understanding of Indonesian nationalism. In defiance of the presumption that US foreign policy was conducted on a rational basis, the often stereotypical and patronising attitudes held by senior State Department and Administration officials were allowed to influence policymaking. While this problem was not necessarily confined to

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[1] Richard Nixon, 'Asia After Viet Nam', *Foreign Affairs* 46 (1967 - 68), pp. 111 - 25.

relations with Indonesia, it formed the backdrop to the deep-seated personal dislike of Sukarno shared by the Dulles brothers and Eisenhower, the people most closely associated with the anti-Sukarno policies which culminated in the CIA-supported regional rebellions of 1957/58.

Indonesia's rise to prominence in the long list of US post-war priorities was unexpected and, certainly, unwanted. When, in June 1945, the State Department opted for non-intervention in the Dutch colony it did so for the very good reason that it had many other more pressing problems to deal with. One happy consequence of this decision, which applied to all the European colonies in the region, was that it absolved Washington of any association with the restoration of imperialism in Asia. Yet, by 1947, the Truman Administration's resolve to remain aloof from the independence struggle in the NEI had been eroded by the internationalisation of the dispute and, crucially, the fact that US involvement was possible in a way that it was not in, for example, India or Vietnam. Washington's initial hope that the NEI would contribute to the economic rehabilitation of Holland, and indirectly to Europe, under Dutch tutelage persisted despite the controversies at the UN caused by the British occupation and the first Dutch "police action". However, pressure from the UK, India, Australia, the Indonesian nationalists and domestic opinion, together with the growing Soviet interest in the dispute, all pushed Washington towards closer involvement and a more critical assessment of the Dutch. Nevertheless, the Administration's role in the UN debate which followed the first "police action" and its subsequent decision to accept membership of the UN Committee of Good

Offices (GOC) were only made possible by The Netherlands' inability to prevent outside interference in its colonial affairs. Whereas the UK and France could use their vetoes at the UN to protect their interests from unwelcome attention, Holland had no such defence and Washington was able to take the line of least resistance by acceding to the demands being placed on it. So, initial American involvement in Indonesia was largely for negative reasons and was due partly to Dutch impotence. Nonetheless, Indonesia became a test-bed of American diplomacy and its ability to deal with Asian nationalism.

Within a year, Washington had acquired its own interest in Indonesia, which it saw as crucial to the integrity of its intended perimeter defence of island bases off the Asian mainland. While Indonesia had been a vital supplier of natural rubber and tin to American industry before the war, it had not previously held any special military significance for Washington. Even its value in the reconstruction of The Netherlands and Europe had not been so great that the Truman Administration had been tempted to intervene to ensure Dutch control. Only as the likelihood increased that the communist Chinese would prevail and America was forced to revise its plan to confront communism on the Asian mainland, did Washington perceive Indonesia as vital to US national security. Although itself not part of the arc of island bases running from Japan through the Ryukyus, and the Philippines to Australia, Indonesia controlled sea lanes between the Indian and Pacific oceans and lay across the line of bases. Thus, it assumed an important place in Washington's plans for the defence of Asia and as a place of potential conflict with the USSR. The Chinese communists' final victory, in

1949, the outbreak of the Korean War and the continuing colonial war in Vietnam all served to keep America focused on the defence of its Asian front from communist encroachment. At the same time, the Indonesian revolution was coming to a head, the newly independent state was proclaiming its neutrality in the Cold War and the PKI was beginning its revival. Sukarno's emergence as a charismatic and vocal proponent of Asian nationalism caused further consternation in Washington, where unequivocal support for the West was seen as the only guarantee of US friendship. By the end of 1954, Washington's interest in Indonesia had become centred on its anti-communist credentials. The approval, in November, of NSC 5429/5 with its commitment to use 'all feasible covert (and) overt means including ... the use of armed force' to prevent a communist take-over formalised the Eisenhower Administration's fixation with communism in Indonesia.[2]

Although US policymakers accorded a high priority to Indonesia, they did not view it as important in its own right. In economic terms, its value lay in the vital role it had been assigned in the restoration of The Netherlands and Europe, while its location athwart the American chain of offshore bases, which contained Communist China, conditioned Washington's assessment of Indonesia's strategic worth. Despite their oft-stated support for self-determination, post-war American administrations did not translate their rhetorical promotion of independence into

[2] DDEL; White House Office - OSANSA Records 1952 - 61, NSC Series, Policy Papers Subseries, Box 12; NSC 5429/5 - Policy Toward The Far East (2); "Current Policy Toward The Far East", NSC 5429/5, 22 Dec. 1954.

policies which favoured nationalists. Consistently, US interests were associated with those of The Netherlands, or America's other Anglo-Saxon allies.

Immediately after the war ended, the Truman Administration had no difficulty in subscribing to continued Dutch sovereignty and persisted in this legalistic, as opposed to political, basis for its policies until March 1949, when Dean Acheson faced down the Europeans over the creation of NATO. During this period, Washington's main concern centred on the need for the Dutch to rehabilitate their assets in the colony, to restore the flow of profits to the metropole and to revive the NEI's export trade in raw materials. The question of progress towards Indonesian independence, it was assumed, could be left to the liberal Dutch, whose traditional links with the US and status as trusted wartime allies meant that they could be relied upon to protect US interests. By contrast, the nationalist movement was an unknown quantity in Washington, where the State Department found it hard to decide whether it was a creature of the wartime Japanese occupation, a communist conspiracy or, if the Dutch were to be believed, both. In view of the perceived wisdom at the time, which regarded Indonesians as politically apathetic, the violence faced by the British and the support claimed by Sukarno could not, it was felt, have been an expression of genuine nationalist sentiment but must have been generated by some external influence. Yet, wherever its true origins lay, the essential consideration, in Washington, was that Indonesian nationalism threatened the speedy re-integration of the NEI into the world economy, a decisive reason for the Truman Administration's ambivalent response to the first Dutch "police action".

Washington's preference for the Dutch and its reactionary approach to the rise of Indonesian nationalism reflected its overwhelming desire for stability without which, it believed, the reconstruction of world capitalism would be delayed, if not prevented. As far as Indonesia was concerned, The Netherlands was seen as the guarantor of peace and as a bulwark against the encroachment of communism, a view which came under increasing strain as the American members of the GOC challenged the State Department's assumptions, particularly about the nationalists, who they found to be friendly towards the West. During 1948, increased Dutch intransigence, the nationalists' suppression of the communist uprising at Madiun and the Dutch failure to destroy Republican resistance, all combined to persuade Washington that it could no longer rely on The Netherlands to deliver stability in Indonesia. With the Republic now regarded as a moderate alternative to both the Dutch and the communists, Washington moved to consolidate Sukarno's and Hatta's positions by more forcefully supporting independence. The Conference at The Hague was not, therefore, the culmination of a four-year campaign by the Truman Administration to win Indonesian freedom, but a means by which it could rescue its plans for Indonesia's incorporation into the capitalist economy whilst also reducing the risk of a communist take-over. The omission of West Irian from the transfer of sovereignty and the settlement of the debt issue in favour of the Dutch confirmed Washington's lack of a philosophical commitment to the nationalists and its empathy with the colonial power. Despite the Truman Administration's efforts to portray Indonesian independence as a victory for America's principled foreign

policy, it represented nothing more than a tactical device to advance its own self-interest.

Despite its pragmatic approach to Indonesian independence, the Administration preferred to present itself as a friend of Asian nationalism. Speaking to the National Press Club shortly after the transfer of sovereignty in Indonesia, Acheson identified the US with Asian independence movements. He singled out what he called 'the revulsion against foreign domination' as a characteristic of the nationalist mood sweeping Asia but also revealed Washington's myopia by asserting that the external threat to Asian nationalism was exclusively communist.[3] This analysis did not, however, reflect either the experience or priorities of Indonesians. While there had been a communist insurgency before independence, the nation's leadership did not regard the PKI as a threat. They pointed out that the Republic had crushed the Madiun uprising and insisted that they would be able to deal with any future insurgency. More important for Indonesians was the memory of over three hundred years of domination by white Europeans, something which they were reminded of by the continuing Dutch presence in West Irian. The struggle against the Dutch had also persuaded Indonesians that they could not rely on the superpowers and, therefore, regarded their 'independent and active' foreign policy as an extension of national sovereignty. Whereas Acheson thought that communism posed a threat to Asian nationalism, the Indonesians viewed Cold War competition as the danger to their independence.

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[3] "Crisis In Asia - An Examination Of US Policy", speech by Acheson at the National Press Club, Washington DC, 12 January 1950, *DSB* Vol. XXII, Number 551, 23 Jan. 1950.

Washington's inability to grasp the importance of West Irian to the Indonesian revolution formed the basis of the failure of American policy during the 1950's. Once again, the State Department decided that US interests would be better served by supporting its allies, principally the Dutch and the Australians, rather than the Indonesians. Following the initial concession to Dutch sensibilities, at The Hague Conference, officials at Foggy Bottom recognised that a solution to the dispute was essential but the State Department limited its intervention to ritual exhortations for both parties to negotiate. While the Indonesians put forward ideas about how sovereignty might be transferred, the American position re-inforced the Dutch refusal to talk. While the Truman Administration's detached policy could be described as neutral, the arrival of John Foster Dulles at the State Department signalled a shift to barely concealed support for the Dutch. Increasingly influenced by the hard-line Australian opposition to Indonesian sovereignty, Dulles only maintained America's official neutrality so as not to undercut Washington's allies in the Masjumi and the Indonesian military. Despite evident incredulity in Jakarta that Washington tolerated continued Dutch colonialism, and in spite of Sukarno's regularly-made promise that American support over West Irian would enable him to align Indonesia with the West, Dulles frustrated efforts at the UN to encourage negotiations and rejected advice from American ambassadors in Jakarta that relations with Indonesia would not improve until the Dutch gave up the territory. Even when, in 1960, the Eisenhower Administration began to take more positive approach to finding a solution, it could only bring itself to consider a UN trusteeship arrangement and not a full transfer of sovereignty to Indonesia.

The late change of heart did nothing to repair the enormous damage done to relations with Jakarta. In supporting the Dutch, Washington failed to appreciate the depth of the Indonesian desire to "recover" West Irian and, thus, contributed to the eradication of The Netherlands' influence in the country, which was a major blow to American policy. The Dutch refusal to negotiate led directly to the abrogation of The Hague Agreement, in 1956, and the seizure of Dutch assets a year later. Both followed rejections by the UN General Assembly of calls for talks, decisions which the Indonesians considered had been engineered by Washington. As had been the case after 1945, American assertions of sympathy with nationalist causes were exposed as insubstantial. Preferring to defend the *status quo*, which favoured their Anglo-Saxon allies, Truman and Eisenhower both defined US interests as being identical to those of The Netherlands and Australia. As a consequence, the Soviet Union was able to rehabilitate its reputation in Indonesia by supporting Indonesian sovereignty over West Irian. Washington's failure to break with its allies on this crucial issue undermined Indonesian moderates, alienated Sukarno and allowed the PKI to associate itself with the nationalist movement, a vital advantage in its quest for acceptance and power. By August 1962, when the Kennedy Administration mediated the agreement under which sovereignty was transferred, Washington's standing with Indonesians was so low that its diplomatic support for Jakarta reaped no benefits simply because it had come too late.[4]

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[4] McMahon, *Colonialism And Cold War*, pp. 325 - 26.

American policymakers also found it difficult to accept Indonesia's neutralism as a genuine assertion of independence and a 'considered attempt to define the appropriate role for Indonesia in a bipolar world.'[5] To officials worried about the consequences of the Chinese Revolution and the Korean War, Jakarta's assertion of an 'independent and active' foreign policy seemed like a dangerous flirtation with the forces ranged against America and its allies. Washington did not understand Indonesians' public commitment to a policy of equidistance between the two superpowers. Indeed, throughout the 1950's, the State Department refused to accept evidence of the Indonesian leadership's privately stated pro-Western orientation when this was not reflected in complete adherence to Washington's line. Indonesia's refusal to sign the Manila Pact, in 1954, and its subsequent organisation of the Bandung Conference appeared, to Dulles especially, to undermine America's security policy in Southeast Asia. The Secretary of State's militant anti-communism, which dictated that countries either sided with the US or the USSR, left no room for a middle way. Accordingly, Indonesia's promotion of an African-Asian bloc was viewed with hostility and was seen as a vehicle for communist subversion. Dulles' narrow analysis of the world situation resulted in potential allies, such as Indonesia, being propelled towards the USSR because their nationalist philosophy prevented them from making the kind of commitment to the West which Washington wanted. For this reason, Washington refused to meet Indonesia's requests for economic and military aid and, as a last resort, Jakarta instead turned to Moscow. By contrast, the Indonesians found that the Soviets were more than willing to fill

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[5] Leifer, *Indonesia's Foreign Policy*, p. xvii.

the void left by Washington by providing Jakarta with the aid it wanted and by acknowledging its nationalist history.[6]

The problems caused by Washington's failure to understand, or respond to, Jakarta's main concerns were compounded by its determination to dictate the terms on which relations were conducted. What Dermot McDermot, the British Ambassador in Jakarta in the mid-1950s, called its 'governess-like handling of Asiatics'[7] both confirmed, in Washington's eyes, Indonesian delinquency and consolidated the mutual suspicion which existed in the two capitals. For the Americans, the main test of Indonesian fielty was its willingness to join the US in a military pact as part of the effort to contain communism in Asia. In 1945, Washington had partly based its support for the Dutch on their presumed desire to maintain regional security and, after independence, had expected to form an alliance with an Indonesia governed by moderate leaders. Indonesia's persistent refusal to reach a bilateral treaty with Washington and its equally strong antipathy towards the Manila Pact contributed to the Eisenhower Administration's view that Jakarta was latently pro-communist. Meanwhile, the Administration's unsubtle attempts to browbeat Jakarta, like Nixon's in 1953, only served to heighten Indonesian misgivings that Washington would impair its independence of action if given the chance. Similarly, Washington's comparison of Sukarno's

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[6] Jones, *Indonesia : The Possible Dream*, p. 122. Adams, *Sukarno : An Autobiography. As Told To Cindy Adams*, pp. 297 - 98. Sukarno told Adams that he had no trouble getting a $100 million aid package from Moscow after Washington had turned him down. He also cited the gift of a monument by the 'Communist Bloc' commemorating Indonesia's struggles as the sort of symbol much loved by Indonesians but not forthcoming from the 'free world' - 'we are still waiting for any Western country to show some gesture of out-and-out kindness', he said.

[7] PRO; FO 371/129509; "General Situation - 1956", McDermot to Lloyd, 30 Apr. 1957.

toleration of the PKI, and his espousal of *gotong rojong* politics, with the 1948 communist coup in Czechoslovakia offended Indonesian sensibilities. By comparing Indonesia with a central European state, the Administration revealed its monolithic world view, in which cultural differences between countries mattered less than whether they subscribed to Washington's analysis of world communism. Furthermore, the Administration's assertion that Sukarno could not manage the PKI suggested that Washington's anti-communist strategies were the only viable option in all cases, an implicit criticism of a man who took pride in his mastery of his country's politics.

While successive US Administrations blamed nationalists, and especially Sukarno, for the rise of communism in Indonesia and the drift towards the USSR, they avoided any acknowledgement of the effect of their own policies on the internal domestic situation. Washington's culpability derived, in the first place, from its failure to establish itself as a friend of Indonesia's and, then, its pursuit of policies which the communists were able to exploit to their own advantage. With its much-vaunted commitment to self-determination, the US was well-placed, in 1945, to benefit from the goodwill, and expectations, of Indonesian nationalists. However, the Truman Administration's pro-Dutch policies meant that, by the time of independence, the Indonesian leadership cadre had become suspicious of American sincerity. Nevertheless, after Madiun and the subsequent Soviet denunciations of Sukarno and Hatta, Soviet-Indonesian relations were effectively non-existent and the way was clear for Washington to establish itself as Jakarta's ally. The Administration's failure to capitalise on this advantage

owed much to its own perception that its role in securing the transfer of sovereignty would be enough to consolidate its position in Indonesian affections and to the advent of the Korean War, which diverted Washington's attention from less pressing matters.

Having lost the initiative, the Truman Administration and, later and more especially, the Eisenhower Administration then pursued policies that not only reduced US prestige in Indonesia but which also played into the communists' hands. In particular, Washington's attitude towards Jakarta's claim to West Irian had a galvanising effect on communist fortunes. Sukarno certainly believed that the communists' rapid growth was attributable to the consistent support Indonesia received from the USSR and the PRC in contrast to American "neutrality". His view was endorsed by Ide Anak Agung Gde Agung, the Foreign Minister in the Harahap Government, who believed that the Americans had caused Sukarno to 'veer towards' the communists.[8] Washington's persistent refusal even to lend its weight to calls for talks cut the ground from under the feet of its moderate allies in Indonesia, most notably the Harahap Government which was forced into abrogating The Hague Agreements after its failure to make progress on the issue. The Eisenhower Administration, despite its criticism of Truman's inattention to Asia, also went out of its way to deny Sukarno any sign of approval. Eisenhower's refusals to Indonesia visit were seen by Sukarno as a personal affront and became an embarrassment, notably to US envoys in Jakarta.

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[8] Jones, *Indonesia : The Possible Dream*, pp. 80 - 81. Ide Anak Agung Gde Agung, *Twenty Years Indonesian Foreign Policy 1945 - 1965*, p. 375. The Kahins, too, ascribe the PKI's revival to its 'skilful espousal of the West Irian issue'. (Kahin and Kahin, *Subversion As Foreign Policy*, p. 45.)

More importantly, Eisenhower's inaction denied the US any chance of counteracting the favourable impressions created by the visits of Soviet leaders. So, in 1957, the PKI election campaign benefited from Voroshilov's tour, and, in 1960, Khruschev's delivery of economic and military aid contrasted with Eisenhower's demonstrations of unfriendliness.

If Washington's attitude towards Indonesia's claim to West Irian provided the stimulus to the communist resurgence and then sustained it through the 1950's, bolstered by Eisenhower's snubbing of Sukarno, then the CIA-sponsored rebellion of 1957/58 confirmed communism as a force in Indonesian politics. Intended to bring pressure on Sukarno to moderate his policies by increasing the strength of anti-communist forces, the Eisenhower Administration's decision to encourage and support the rebels had the opposite effect. By supplying weapons to the insurgents, Washington exposed its friends in the army officer corps to criticism and made them question their continued allegiance. More catastrophically, the defeat of the dissidents destroyed the very political elements which Washington hoped would provide an alternative to the nationalists and communists. It also allowed the PKI, once again, to portray itself as a defender of the Indonesian state and propelled it centre-stage as it became one of the three main players in Indonesian politics along with the army and Sukarno. Washington's duplicity in supporting the rebels while maintaining relations with Jakarta, and its sudden reversal of policy after the shooting down of the CIA plane, not only alienated Sukarno further but also emphasised how untrustworthy

the Americans were.[9] Having for years insisted that it was the Soviets and their allies who were seeking to subvert Indonesia, it was Washington that had been caught red-handed.

That American policy toward Indonesia was undermined by the lack of empathy policymakers had with Indonesian nationalism is beyond doubt. In part, this resulted from the domination of the State Department apparatus by officials whose training and experience conditioned them to view their work through a European perspective. Many, like Howard Jones, had been transferred away from the European desks at the State Department to work on Asia after 1949 and, as John Allison later wrote, many of these felt that their new assignments had taken them away from the mainstream of foreign policy work. Ambassador Allison argued that, as a consequence, they did not place Asians 'on an equal footing with our Western allies' when considering issues like the Indonesian case for sovereignty over West Irian.[10] Thus, Dutch and Australian objections to Indonesian sovereignty carried more weight in Washington than did Jakarta's arguments. This bias also affected the consideration given by the State Department to the advice it received from the Embassy in Jakarta. Often hampered by a lack of Indonesian-speaking officers, the Embassy, nevertheless, identified the importance of the West Irian question while Allison's analysis of the nature of the regional revolts was found, by his successor Howard Jones, to

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[9] Ide Anak Agung Gde Agung, *Twenty Years Indonesian Foreign Policy 1945 - 1965*, pp. 380 - 81. Adams, *Sukarno : An Autobiography. As Told To Cindy Adams*, p. 299.

[10] Jones, *Indonesia : The Possible Dream*, p. 37. "United States Diplomacy In Southeast Asia : The Limits Of Policy", by Allison (1963), cited in Ide Anak Agung Gde Agung, *Twenty Years Indonesian Foreign Policy 1945 - 1965*, p. 374.

have been accurate. Jones, of course, had been one of the small group of officials who had originally rejected Allison's advice.

The "Europeanist" background of many of those dealing with Indonesia was reflected in their attitudes, which were often patronising and stereotypical in relation to Indonesians. During the independence struggle, American policymakers were conditioned by reports from Walter Foote, the Consul-General until late 1947, who believed that Republican leaders were untrustworthy and that Indonesians generally were incapable of surviving without the Dutch. Officials also believed in their own superiority over Indonesians and couched this in ways redolent of the same colonialist attitudes which they professed to oppose. Frequently, the Indonesians' unwillingness to accept American advice, especially about communism, was portrayed as naïveté by officials unable to accept that they might hold views which were different to Washington's. The idea that Indonesians generally, and their leaders particularly, were incapable of independent thought found expression in ways reminiscent of imperial paternalism. Thus, Charles Livengood, Foote's successor, could report to Washington that the Republican leaders were approaching the post-Renville negotiations in a 'demanding and even childish' manner.[11] This demeaning image of Indonesians persisted after they had achieved statehood and so, in 1959, James Baird, the Director of the International Cooperation Administration's Operations Mission to Indonesia, could still see Indonesia's refusal to accept his advice about economic reform as a sign of its delinquency - for him, Indonesia

[11] NA; RG 59; DF 1945 - 1949, 856E.00, Box 6451; Livengood to the Secretary of State, 20 Feb. 1948.

was nothing less than a 'problem child'.[12] Sukarno certainly thought that American policymakers had a sense of their own superiority, bordering on the racist, when he observed that 'the USA just can't discount leaders because they're Asian.'[13]

During the Truman Presidency, this antipathy towards Asians affected American attitudes to the Indonesian revolution and buttressed Washington's unwillingness to side openly with the independence movement. However, during the Eisenhower Presidency, this antagonism was lifted onto an altogether different level, one that introduced into policymaking a personal dislike of Sukarno, which Eisenhower and the Dulles brothers shared and which distorted the Administration's assessment of the national interest. From the outset, Eisenhower and his Secretary of State demonstrated their lack of commitment to Indonesia by contemplating the disintegration of the state as an objective of US policy in the event of a communist take-over, something which the State Department officially considered, at the time, to be only a long-range possibility. That this outlook became a self-fulfilling prophesy had much to do with the prevailing mood in Washington, which ascribed unwelcome developments in Indonesia to the influence of communism and, increasingly, linked them to Sukarno personally.

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[12] UVaL; Special Collections Department; Hugh S. Cumming Jr. Papers (#6922), Box 11; Correspondence A - C 1959 - 60; Baird to Cumming, 26 Jan. 1959.

[13] Adams, *Sukarno : An Autobiography. As Told To Cindy Adams*, p. 299.

Politically, the Eisenhower Administration found Sukarno frustrating in two main respects. Firstly, Washington viewed his devotion to the completion of the Indonesian revolution, through the West Irian issue, as evidence of his concentration on the less pressing problems of state. In Administration circles, the revival of the Indonesian economy was the most important matter for Jakarta to deal with and Sukarno was thought incapable of addressing this problem.[14] Later, his promotion of *gotong rojong* politics became synonymous in Washington with the advance of communism in Indonesia. Dulles viewed the Indonesian President in particularly negative terms, considering him to be 'dangerous and untrustworthy and by character susceptible to the Communist way of thinking.'[15]

However, before he had tried to bring the PKI into government, Sukarno's moral character had become an issue in Washington. His decision to take a second wife, in 1954, aroused much interest in the Administration, where it was perceived as a mistake which would affect the President's popularity. Over the next few years, stories of his sexual habits, which involved Pan American Airways hostesses, Hollywood film stars, mistresses, twelve-year old dancing girls and two more wives contributed to his negative image within the Administration.[16] To Dulles, the son of a minister whose propensity to moralise

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[14] Allen Dulles to the President, 17 Apr. 1958, FRUS 1958 - 1960, Vol. XVIII, pp. 114 - 16.

[15] NA; RG 59; Records of the Policy Planning Staff (Lot 67 D 548), Box 141; Record of a Meeting in the Secretary's Office, 2 Jan. 1958.

[16] When on foreign trips Sukarno usually chartered a Pan American Boeing 707. On one such trip the CIA acquired evidence of him 'partying' in an hotel in Cairo with three air hostesses. (Smith, *Portrait Of A Cold Warrior*, pp. 237 - 38). His links with Joan Crawford and Gina Lollabrigida were known to policymakers (Stephen Ambrose, *Ike's Spies : Eisenhower And The Espionage Establishment*, (New York, 1981), p. 249), while Jakarta was awash with rumours of Sukarno's

and pontificate were well-known,[17] Sukarno's sexual mores were beyond the pale, while Eisenhower's dislike of the Indonesian leader may have stemmed from memories of a sexual indiscretion of his own.[18] That Sukarno's reputation as a womaniser influenced Administration policy is beyond doubt, Allen Dulles thinking him to be 'vain and pleasure loving to a marked degree'[19] while the CIA was clearly aware that senior officials were sufficiently antagonised by the Indonesian President's activities that they commissioned a "blue movie". All three US Ambassadors to Jakarta, between 1953 and 1961, were also convinced that Sukarno's behaviour was a consideration in policymaking at the highest levels. Thus, in 1955, those arguing in favour of inviting Sukarno to the US, including Hugh Cumming, found that his morals were a factor for those who thought that he should not be asked. Similarly, John Allison and Howard Jones both believed that Eisenhower's persistent refusals to visit Indonesia were, at least partly, influenced by the perception that Sukarno was not 'a nice man.' This was an opinion with which none of them agreed. While Cumming was more neutral on the subject, Allison and Jones thought that Sukarno was unfairly depicted as a playboy. They argued that his reputation derived from misapprehensions in the West about Moslem laws on polygamy and about Oriental cultural assumptions that 'divine despots ... be virile beyond the potency

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highly unconventional behaviour, which verged on 'depravity'. (AA; CRS A5954/1/2279/2; Djakarta Despatch No. 7, 28 Jul. 1955.)

[17] AA; CRS A5462/1/2/14; Despatch No. 4, Spender to Casey, 19 Jun. 1956.

[18] Though the exact nature of Eisenhower's relationship with his driver Kay Summersby, which lasted from 1943 to 1945, is uncertain, it seems that Eisenhower fell in love with her but was unable to consummate the liaison. Summersby hinted that Eisenhower was impotent. (Piers Brendon, *Ike : The Life And Times Of Dwight D. Eisenhower*, (London, 1987)).

[19] Allen Dulles to the President, 17 Apr. 1958, FRUS 1958 - 1960, Vol. XVIII, pp. 114 - 16.

of ordinary men.' Jones, in particular, railed against the prejudice which blinded 'some of the most responsible officials to the realities of the power situation.'[20]

Throughout the Truman and Eisenhower Presidencies, US policy towards Indonesia was characterised by its failure to assess accurately the forces with which it was dealing. Washington's persistence in supporting the restoration of the Dutch, in the face of mounting evidence of the strength of Indonesian nationalism, indicated how slow was the Truman Administration's re-appraisal of traditional friendships in the light of post-war realities. That the Dutch were able, with Australian assistance, to retain American support over the West Irian question showed the enduring quality of the Anglo-Saxon bias which pervaded Washington's policies at a time when Asia's importance was growing. Complementing this blinkered outlook was the determination of policymakers to identify communist subversion in every aspect of Indonesian political life. This prevented Washington from understanding the nature of Indonesian nationalism, with dire results. The entire rationale for the covert intervention in 1957 and 1958 being based on a fundamental misunderstanding of the dispute between the regions and Jakarta. In part this occurred because Dulles was not prepared to accept advice which contradicted his preconceived notions about Sukarno and the rebels. However, the major cause was the inability of officials, mostly in Washington, to come to terms with the dynamics of Indonesian political life. Despite over a decade-long association with the Indonesian political elite, the State Department was only too willing to believe that that the rebellion in

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[20] Allison, *Ambassador From The Prairie*, p. 313. Jones, *Indonesia : The Possible Dream*, pp. 63, 78 and 181 - 82.

Sumatra and Sulawesi was a clash between the forces of good and evil, between anti-communists and fellow-travellers and the PKI in Java. Ambassador Jones' surprise, in March 1958, when Hatta advised him that the rebellion represented a split in the anti-communist camp was palpable and betrayed the ignorance, and prejudice, of senior American policymakers which had led Washington into its disastrous association with the rebels.

In 1961, Washington's unsuccessful attempt to project its power and influence into Indonesia was viewed, by the people who had overseen the failure, as the result of a communist conspiracy to subvert the "free world". In spite of the Kennedy Administration's decision to resolve the West Irian issue in Indonesia's favour, Sukarno remained a thorn in America's side. Washington's support for the creation of the Federation of Malaysia, in 1963, antagonised the Indonesian President and relations deteriorated into a campaign of open hostility towards America, which included the ending of the US aid programme and Indonesia's withdrawal from the UN. The decline in relations was only halted when, in October 1965, an abortive coup was followed by an army-led massacre of communists and alleged sympathisers. Shorn of his support, Sukarno was eventually replaced by General Suharto, a development which, for Washington, ushered in a period of harmonious and stable friendship with Jakarta. Whatever the precise role played by Washington in the events which ended Sukarno's rule, there can be no doubt that US policy during the Truman and Eisenhower Presidencies contributed significantly to his demonisation and to Indonesia's descent into military dictatorship. For Indonesia, the intended benefits of

American policy - peace, prosperity and democracy - were not forthcoming, while both Truman and Eisenhower failed to secure Indonesia's vast wealth for capitalism. That this happened had more to do with Washington's policy failures than to the success of any communist conspiracy.

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This thesis has been submitted in accordance with the guidelines on presentation contained in "The Style Guide" published by the Department of History and Centre for Social History at the University of Warwick (September 1997).